



DYNEMIC PRODUCTS LIMITED

Our Company was incorporated as 'Dyemic Products Private Limited' on June 14, 1990, as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, at Ahmedabad, Gujarat Dadra & Nagar Haveli. Subsequently, our Company was converted to public limited company pursuant to a special resolution passed in the general meeting of our Shareholders dated December 31, 1992 and the name of our Company was changed to 'Dyemic Products Limited' and a fresh certificate of incorporation was issued by the Registrar of Companies, at Ahmedabad, Gujarat Dadra & Nagar Haveli on January 28, 1993. For details of changes in the name and registered office of our Company, refer chapter titled "General Information" on page 40.

Registered Office: B-301, Satyamev Complex-1, Gandhinagar - Sarkhej Highway Road, Opp. New Gujarat High Court, Sola, Ahmedabad - 380063, Gujarat India;

Telephone: +91 79 27663071/76/9924011755;

Contact Person: Varsha Mehta, Company Secretary and Compliance Officer; **Email:** cs@dyemic.com; **Website:** www.dyemic.com;

Corporate Identity Number: L24100GJ1990PLC013886

OUR PROMOTERS: BHAGWANDAS KALIDAS PATEL, RAMESHKUMAR BHAGWANDAS PATEL AND DIXIT BHAGWANDAS PATEL FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF DYNEMIC PRODUCTS LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF UP TO 5,66,422 PARTLY PAID-UP EQUITY SHARES WITH A FACE VALUE OF ₹10/- EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹450/- EACH INCLUDING A SHARE PREMIUM OF ₹440/- PER RIGHTS EQUITY SHARE ("ISSUE PRICE") FOR AN AGGREGATE AMOUNT UP TO ₹2,548.90 LAKHS* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 (ONE) RIGHTS EQUITY SHARE FOR EVERY 20 (TWENTY) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●], [●], 2022 (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 45 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, REFER CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 109.

*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.

PAYMENT SCHEDULE FOR RIGHTS EQUITY SHARES

Amount Payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	5.00	220.00	225.00
On First and Final Call#	5.00	220.00	225.00
Total (₹)	10.00	440.00	450.00

*For further details on Payment Schedule, refer chapter titled "Terms of the Issue" on page 109.

#To be paid at such time as may be determined by the Board at its sole discretion.

WILFUL DEFAULTER AND FRAUDULENT BORROWER

NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR DIRECTORS ARE CATEGORISED AS A WILFUL DEFAULTER OR A FRAUDULENT BORROWER.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Specific attention of investors is invited to the statement of "Risk Factors" on page 20 before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (together, the "Stock Exchanges"). Our Company has received 'in-principle' approvals from the BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letters dated [●] and [●], respectively. Our Company will also make an application to the Stock Exchanges to obtain the trading approval for the Rights Entitlements as required under the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/13) dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE Limited.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 Vivro Financial Services Private Limited Vivro House, 11 Shashi Colony, Opp. Suvidha Shopping Center, Paldi, Ahmedabad – 380007, Gujarat, India. Telephone: +91-79-4040 4242 E-mail: investors@vivro.net Investor grievance E-mail: investors@vivro.net Website: www.vivro.net Contact Person: Anshul Nenawati / Samir Santara SEBI Registration No.: INM000010122	 Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Mumbai – 400072, Maharashtra, India. Telephone: +91-22-62638200/22 Fax: +91-22-62638299 Email: rightsissue@bigshareonline.com Investor grievance E-mail: rightsissue@bigshareonline.com Website: www.bigshareonline.com Contact Person: Vijay Surana SEBI Reg. No.: INR000001385

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSING ON#
[●]	[●]	[●]

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meanings as provided below.

The words and expressions used in this Letter of Offer but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, 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.

The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Notwithstanding the foregoing, the terms used in the chapters titled “Industry Overview”, “Summary of This Letter of Offer”, “Financial Statements”, “Statement of Special Tax Benefits”, “Outstanding Litigations and Defaults”, “Terms of Issue” on pages 60, 18, 82, 54, 97 and 109 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

General Terms

Term	Description
“Dyemic Limited” or “our Company”, or “the Company” or “the Issuer”	Products Dyemic Products Limited, a public limited company incorporated in India under the Companies Act, 1956, having its registered office at B-301, Satyamev Complex-1, Gandhinagar - Sarkhej Highway Road, Opp. New Gujarat High Court, Sola, Ahmedabad - 380063, Gujarat India.
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, our Company together with its Subsidiary on a consolidated basis

Company related Terms

Term	Description
Articles / Articles of Association / AoA	The Articles of Association of our Company, as amended from time to time
Auditor / Statutory Auditor	The statutory auditor of our Company, being M/s. Asim Ravindra & Associates, Chartered Accountants
Audited Consolidated Financial Statements	The audited consolidated financial statements for the financial year ended March 31, 2021 which comprises of the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss, including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.
Associate/Associate Company	Associate Company as on the date of this Letter of Offer i.e., Dyemic Holdings Private Limited
Board / Board of Directors	Board of Directors of our Company, including any committees thereof.
Director(s)	The director(s) on the Board of our Company, unless otherwise specified.
Equity Share(s)	The equity shares of our Company of a face value of ₹10/- each, unless otherwise specified in the context thereof.
Group Company(ies)	Such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is

Term	Description
	disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the Board of the Company.
Independent Director(s)	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations
Key Management Personnel / KMP	Key management/ managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “ <i>Our Management – Key Managerial Personnel</i> ” on page 80.
Memorandum / Memorandum of Association / MoA	Memorandum of association of our Company, as amended from time to time.
Promoter(s)	The Promoters of our Company, namely Bhagwandas Kalidas Patel, Rameshkumar Bhagwandas Patel and Dixit Bhagwandas Patel.
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Registered Office	The registered office of our Company located at B-301, Satyamev Complex-1, Gandhinagar – Sarkhej Highway Road, Opp. New Gujarat High Court, Sola, Ahmedabad – 380063, Gujarat India.
Registrar of Companies/ RoC	The Registrar of Companies, Gujarat at Ahmedabad.
Rights Issue Committee	The rights issue committee of our Company constituted vide Board Resolution dated April 26, 2022.
Shareholders / Equity Shareholder	The equity shareholders of our Company, from time to time.
Subsidiary	Subsidiary of our Company as defined under Companies Act, 2013 and the applicable accounting standard, namely, Cerecon Bio Sciences Private Limited.
Unaudited Consolidated Financial Results / Limited Review Unaudited Consolidated Financial Statements	The limited review unaudited consolidated financial results for the nine months period ended December 31, 2021, including the notes thereto and the report thereon.
Unit I	Plot Nos. 6401, 6402, 6415, 6416, 6400, 6400/1 GIDC Estate, Ankleshwar – 393002, Gujarat, India.
Unit II	Plot Nos. 3709/6, 3710/1, 3710/3, GIDC Estate, Ankleshwar - 393002, Gujarat, India.
Unit III	Plot Nos. D/3/3/1, Dahej-III Industrial Estate, Tal: Vagra, Dist: Bharuch, Gujarat, India.

Issue related terms

Term	Description
Abridged Letter of Offer / ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the SEBI ICDR Regulations and the Companies Act.
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot / Allotted / Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allotment Accounts	The accounts opened with the Bankers to this Issue, amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
Allotment Account Bank	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●] Limited.
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.

Term	Description
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncees who are entitled to make an application for the Equity Shares in terms of this Letter of Offer.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable at the time of Application, i.e., ₹225/- in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Applicant(s) to make an application authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application.
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011.
Banker to the Issue	Collectively, Allotment Account Bank in this case being [●] Limited.
Banker to the Issue Agreement	Agreement dated [●] entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in “ <i>Terms of the Issue</i> ” on page 109.
Call	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Monies.
Call Monies	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule of Rights Equity Shares, being ₹225/- per Rights Equity Share after payment of the Application Money.
	For further details, refer chapter titled “ <i>Terms of Issue</i> ” beginning on page 109.
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable.
Designated Branches	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996, as amended.
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date i.e., [●]. For further details, refer chapter titled “ <i>Notice to Investors</i> ” on page 12.

Term	Description												
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations												
Issue / Rights Issue	Issue of up to 5,66,422 Rights Equity Shares for cash at a price of ₹450/- per Rights Equity Share, including a share premium of ₹440/- per Rights Equity Share for an aggregate amount up to ₹2,548.90 Lakhs* on a rights basis by our Company to the Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Shares for every 20 (Twenty) Equity Shares held by the Eligible Equity Shareholders on the Record Date. <i>*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.</i>												
Issue Agreement	Issue agreement dated April 26, 2022 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.												
Issue Closing Date	[●]												
Issue Opening Date	[●]												
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.												
Issue Price	₹450/- per Rights Equity Share. On Application, Investors will have to pay ₹225/- per Rights Equity Share which constitutes 50.00% of the Issue Price and the balance ₹225/- per Rights Equity Share which constitutes 50.00% of the Issue Price, will have to be paid, on First and Final Call, as determined by our Board at its sole discretion.												
Issue Proceeds	The gross proceeds raised through the Issue.												
Issue Size	The issue of up to 5,66,422 Rights Equity Shares aggregating to an amount up to ₹ 2,548.90 Lakhs*. <i>*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.</i>												
Lead Manager to the Issue / Lead Manager	Vivro Financial Services Private Limited												
Letter of Offer / LOF	This letter of offer dated [●] filed with the Stock Exchanges and SEBI.												
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application.												
Net Proceeds	Issue Proceeds less the Issue-related expenses. For details, refer chapter titled “Objects of the Issue” on page 48.												
Non-Institutional Investor(s) / NII	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.												
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circular, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●].												
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circular, circulars issued by the Depositories from time to time and other applicable laws.												
Payment Schedule	Payment schedule is as follows: <table><tr><th>Amount Payable per Rights Equity Share⁽¹⁾</th><th>Face Value (₹)</th><th>Premium (₹)</th><th>Total (₹)</th></tr><tr><td>On Application</td><td>5.00</td><td>220.00</td><td>225.00⁽²⁾</td></tr><tr><td>First and Final Call[#]</td><td>5.00</td><td>220.00</td><td>225.00⁽³⁾</td></tr></table>	Amount Payable per Rights Equity Share ⁽¹⁾	Face Value (₹)	Premium (₹)	Total (₹)	On Application	5.00	220.00	225.00 ⁽²⁾	First and Final Call [#]	5.00	220.00	225.00 ⁽³⁾
Amount Payable per Rights Equity Share ⁽¹⁾	Face Value (₹)	Premium (₹)	Total (₹)										
On Application	5.00	220.00	225.00 ⁽²⁾										
First and Final Call [#]	5.00	220.00	225.00 ⁽³⁾										

Term	Description
	<p>Total 10.00 440.00 450.00</p> <p>(1) For further details on Payment Schedule, refer chapter titled “Terms of the Issue” on page 109.</p> <p>(2) Constitutes 50.00% of the Issue Price.</p> <p>(3) Constitutes 50.00% of the Issue Price.</p> <p><i>#To be paid at such time as may be determined by the Board at its sole discretion.</i></p>
QIBs / Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being [●].
Registrar / Registrar to the Issue	Bigshare Services Private Limited
Registrar Agreement	Agreement dated April 26, 2022 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI – Rights Issue Circular, the Companies Act and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Investor / RII	An individual Investor who has applied for Rights Equity Shares for an amount not more than ₹200,000 (including an HUF applying through Karta) in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements/ REs	<p>The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date, being 1 (One) Rights Equity Share for every 20 (Twenty) Equity Shares held by the Eligible Equity Shareholder on the Record Date.</p> <p>Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.</p>
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are accessible on the website of our Company.
Rights Equity Shares / Rights Shares	Partly Paid-up Equity Shares of our Company to be Allotted pursuant to the Issue.
Self-Certified Syndicate Banks / SCSBs	Banks which are registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and offer services of ASBA, and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , and as updated from time to time.
Stock Exchanges	Stock Exchanges where the Equity Shares are presently listed i.e. BSE and NSE.
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Day	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai and Ahmedabad are open for business;

Term	Description
	provided however, with reference to Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai and Ahmedabad are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays.

Conventional, General Terms and Abbreviations

Term	Description
₹ / Rs. / Rupees / INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
Bn	Billion
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013 and the rules made thereunder
Consolidated FDI Policy	Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate Social Responsibility
DGVCL	Dakshin Gujarat Vij Company Limited
Depositories Act	The Depositories Act, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant’s Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary general meeting
EPS	Earnings per Share
ERP	Enterprise Resource Planning
ETP	Effluent Treatment Plant
EU	European Union
Exchange Information	Collectively constitutes and includes, but is not limited to, a description of the nature of our Company’s business and our Company’s most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports.
FDI	Foreign Direct Investment
FDA	Food and Drug Administration
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial year/ FY / Fiscal	Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investor / FPI	Foreign portfolio investor as defined under the SEBI FPI Regulations
Fugitive Economic	An individual who is declared a fugitive economic offender under Section 12 of the

Term	Description
Offender	Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors registered under the FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP	Gross Domestic Product
GIDC	Gujarat Industrial Development Corporation
GGL	Gujarat Gas Limited
Government / Government of India / GoI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financing Reporting Standards of the International Accounting Standards Board
Ind AS	Indian accounting standards prescribed under Section 133 of the Companies Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ISIN	International Securities Identification Number allotted by the depository
IT	Information Technology
I.T. Act / IT Act	Income Tax Act, 1961
I. T. Rules	Income Tax Rules, 1962
Listing Agreements	The listing agreements entered into by our Company with the Stock Exchanges
LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
Mn.	Million
MoU	Memorandum of Understanding
MT	Metric Ton
Mutual Fund	Mutual fund registered with SEBI under the SEBI (Mutual Fund) Regulations, 1996.
NA / N.A.	Not Applicable
NACH	National Automated Clearing House which is a consolidated system of ECS
NAV	Net asset value
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NI Act	Negotiable Instruments Act, 1881
NSDL	National Securities Depositories Limited
NSE	National Stock Exchange of India Limited
NR / Non-Resident	A person resident outside India, as defined under the FEMA
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NRI	Non Resident Indian
OCB / Overseas Corporate Body	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 and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake

Term	Description
	transactions pursuant to general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
OHC	Occupational Health Centre
p.a.	Per Annum
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price / Earnings Ratio
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulations S under the Securities Act
RTGS	Real Time Gross Settlement
ROCE	Return on Capital Employed
ROE	Return on Equity
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Rights Issue Circular	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Securities Act	United States Securities Act of 1933
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
Trade Marks Act	Trade Marks Act, 1999
UAE	United Arab Emirates
UK	United Kingdom
U.S.	United States of America
USD	United States Dollar
U. S. QIB	A qualified institutional buyer as defined in Rule 144A under the Securities Act
VCF	A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996)
WHO	World Health Organisation

Business and Industry Related Terms/Abbreviations

Terms	Description
ACM	Air Classifier Mill
AMR	Allied Market Research (a full-service market research and business-consulting wing of Allied Analytics LLP based in Portland, Oregon)

Terms	Description
AMR Report	Food Colors Market by Type (Natural Colors and Artificial Colors), by Applications (Meat Products, Beverages, Dairy, Bakery & Confectionary, Processed Food & Vegetables, Oils & Fats, and Others): Global Opportunity Analysis and Industry Forecast, 2020–2027
D & C	Drugs and Cosmetics
EBA	Ethyl Benzyl Aniline
ETP	Effluent Treatment Plant
FD&C	Food, Drugs and Cosmetics
FSSC	Food Safety System Certification
FSSAI	Food Safety and Standards Authority of India
GMP	Good Manufacturing Practice
HDPE	High-Density Polyethylene
ISO	International Organization for Standardization
LDPE	Low-Density Polyethylene
RVPD	Rotary Vacuum Pad Dryer
R & D	Research and Development

NOTICE TO INVESTORS

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue materials. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, subject to the applicable law. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except in India. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of Issue Materials (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer (“**Restricted Jurisdictions**”) and, under those circumstances, the Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares or for purchase of Rights Entitlements and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document(s) into the United States or any other jurisdiction or to any person outside India where to do so would or might contravene local securities laws or regulations or would subject the Company, Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Issue Materials are received by any person in any Restricted Jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or purchase the Rights Entitlements referred to in Issue Materials. Rights Entitlements may not be transferred or sold to any person outside India. For more details, refer chapter titled “*Restrictions on Purchases and Resales*” on page 139.

Envelopes containing an Application Form should not be postmarked or otherwise dispatched from any Restricted Jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of these Rights Equity Shares in India.

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

Neither the delivery of the Issue Materials nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or any other Issue Materials or the date of such information.

The contents of this Letter of Offer and Abridged Letter of Offer should not be construed as business, legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the purchase or sale of Rights Equity Shares or Rights Entitlements. Accordingly, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares. In addition, neither our Company nor the Lead Manager is making any representation to any offeree or purchaser of the Rights Equity Shares or the

Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or purchase of the Rights Entitlement by such offeree or purchaser under any applicable laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved, disapproved or recommended by the United States Securities and Exchange Commission, any other federal or state authorities in the United States or the securities authority of any other jurisdiction or any other regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.

Notice to Investors in the United States

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the United States of America and may not be offered or sold in the United States of America, its territories and possessions, of any State of the United States (“**United States**”), except in a transaction exempt from, the registration requirements of the Securities Act and applicable state securities laws. The Rights Entitlements and Rights Equity Shares are being offered in India and in jurisdictions where such offer and sale of the Rights Equity Shares and/ Or Rights Entitlements are permitted under laws of such jurisdictions, but not in the United States. The offering to which this Letter of Offer, and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights

Accordingly, this Letter of Offer / Abridged Letter of Offer, Rights Entitlement Letter and Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. No payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat any Application Form as invalid which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Rights Equity Shares offered in the Issue have not been approved or recommended by the securities authority or other regulatory authority of any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

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

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references to “India” contained in this Letter of Offer are to the Republic of India and the ‘Government’ or ‘GoI’ or the ‘Central Government’ or the ‘State Government’ are to the Government of India, Central or State, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, all references in this Letter of Offer are in Indian Standard Time. Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Financial Data

Unless stated or the context requires otherwise, our financial data included in this Letter of Offer is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results. For further information, refer chapter titled “*Financial Statements*” on page 82.

We have prepared our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Our Company’s Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal, unless stated otherwise, are to the 12 months period ending on March 31 of that particular calendar year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in crore.

Currency and Units of Presentation

All references to “Rupees” or “₹” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$”, “U.S. Dollar”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

Certain numerical information has been presented in this Letter of Offer in “Lakhs” units. 1,00,000 represents one lakh, 1,00,00,000 represents one crore and 10,00,000 represents one million.

Exchange Rates

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and the U.S. Dollar:

Currency	Exchange rate as on		
	December 31, 2021	March 31, 2021	March 31, 2020
1 US\$	74.30	73.50	75.39

(Source: RBI Reference Rate and www.fbil.org.in)

Wherever the exchange rate was not available on account of March 31st being a holiday, the exchange rate as of the immediately preceding working day has been provided.

These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

Industry and Market Data

Unless otherwise stated, industry and market data used in this Letter of Offer has been obtained or derived from report titled “Food Colors Market by Type (Natural Colors and Artificial Colors), by Applications (Meat Products, Beverages, Dairy, Bakery & Confectionary, Processed Food & Vegetables, Oils & Fats, and Others): Global Opportunity Analysis and Industry Forecast, 2020–2027” by Allied Market Research, a full-service market research and business-consulting wing of Allied Analytics LLP based in Portland, Oregon (“AMR Report”) which has been commissioned and paid for by our Company. Further, certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information.

The Industry data used in this Letter of Offer has not been independently verified by our Company or the Lead Manager, or any of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors - ***Certain sections of this Letter of Offer disclose information from the AMR Report and any reliance on such information for making an investment decision in the Issue is subject to inherent risk.***” on page 35 of this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

The extent to which market and industry data used in this Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which our business is conducted, and methodologies and assumptions may vary widely among different industry sources.

Disclaimer

In response to request/orders received, Allied Market Research (AMR) provides strategic business/market analysis services to a select group of customers that are limited to publications containing valuable market information. The publication is solely for our customers’ internal use. It is acknowledged by our customer, by placing the order that no part of this strategic business/market analysis service is for general publication or disclosure to third party. AMR doesn’t make any warranty for the accuracy of the data as these are primarily based on interviews and therefore, liable for fluctuation. Also, AMR doesn’t take responsibility for incorrect information supplied by manufacturers or users. Any resale, lending, disclosure or reproduction of this publication can only be made with prior written permission from AMR.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology including ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘forecast’, ‘intend’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘pursue’, ‘shall’, ‘should’, ‘target’, ‘will’, ‘would’ or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to differ materially from any of the forward-looking statements include, among others:

- Our ability to maintain and enhance our brands image;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans
- Increase in the prices of our raw material or any decrease in the supply of our raw materials
- Fluctuations in operating costs and impact on the financial results
- Our inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for our business operations
- Strikes or work stoppages by our employees or contract labour
- Uncertainty in relation to continuing effect of the COVID-19 pandemic on our business and operations;
- Changes in laws and regulations relating to the industry in which we operate
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies

For further discussion of factors that could cause the actual results to differ from the expectations, refer chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 20, 70 and 86, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as at the date of this Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe 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. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

None of our Company, our Directors, the Lead Manager nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date of this Letter of Offer or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors are informed of material developments from the date of this Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Letter of Offer, including the sections titled “*Risk Factors*”, “*Objects of the Issue*”, “*Our Business*” and “*Outstanding Litigations and Defaults*” on pages 20, 48, 70 and 97, respectively.

Summary of our Business

We are engaged in the business of manufacturing and sale of different grades of food colours, lake colours, blended or preparation colours, salt free colours, D&C colours, etc. (collectively known as ‘**Food Colours**’) and dye intermediates. Our Food Colours are used for various applications including food & beverages, confectionary, pharmaceuticals, feeds, cosmetics, homecare, personal care, inkjet inks etc. Our Food Colours are used as additives to either enhance the original colours associated with the products which otherwise fade or disappear due to light, air, temperature and moisture or to provide a colorful identity to products. With increasing consumer awareness towards safety and quality in the products they use, Food Colours are also used in products like toys, stationary, toiletry products, food ink, tattoo ink, etc. instead of industrial dyes. Our Food Colours are sold in powder and granular forms to our customers.

Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

(in ₹ Lakhs)

Sr. No.	Particulars	Amount
1.	To meet incremental working capital requirements	2,475.00
	Total Net Proceeds*	2,475.00

**Assuming full subscription in this Issue, receipt of all Call Monies with respect to Rights Shares, and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

For further details, refer chapter titled “*Objects of the Issue*” on page 48.

Subscription to the Issue by our Promoters and Promoter Group

Pursuant to letters dated April 26, 2022 (“**Subscription Letter**”), Our Promoters and members of our Promoter Group, have confirmed their intention to subscribe, to the full extent of their Rights Entitlements in the Issue, as prescribed under the SCRR, except to the extent of renunciation by certain members of Promoters and Promoter Group of their Rights Entitlement in favour other members of Promoter and Promoter Group in part or full. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements, as applicable, or subscription to the unsubscribed portion of this Issue, shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

Summary of Outstanding Litigations

A summary of outstanding litigation proceedings involving our Company, as on the date of this Letter of Offer as disclosed in the refer chapter titled “*Outstanding Litigations and Defaults*” on page 97, in terms of the SEBI ICDR Regulations and the Materiality Policy is provided below:

Sr. No.	Nature of Case	No. of Outstanding cases	Amount in dispute/demanded to the extent quantifiable (in ₹ Lakhs)
i.	Litigations filed by our Company	2	48.05
ii.	Litigations filed against our Company	16	67.71

For further details, refer chapter titled “*Outstanding Litigations and Defaults*” beginning on page 97.

Risk Factors

For details of the risks applicable to us, including to our business, the industry in which we operate and our Equity Shares, refer chapter titled “*Risk Factors*” on page 20.

Contingent Liabilities

For details regarding our contingent liabilities, refer chapter titled “*Financial Statements*” on page F51.

Related Party Transactions

For details of our related party transactions as per Ind AS 24, refer chapter titled “*Financial Statements*” on page F54.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing this Letter of Offer.

SECTION II – RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. The risks and uncertainties set out in this Letter of Offer may not be exhaustive and additional risk and uncertainties not presently known to us, or which may arise or may become material in the future. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occurs, our business, prospects, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to regulatory environment that may differ significantly from one jurisdiction to another. In making an investment decision, prospective investors must rely on their own examinations of our Company the terms of this Issue, including the merits and the risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in this Issue.

For further details, please refer chapter titled “Financial Statements” beginning on page 82 of this Letter of Offer, as well as the other financial and statistical information contained in this Letter of Offer.

This Letter of Offer also contains forward-looking statements which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. For further details, please refer chapter titled “Forward-Looking Statements” beginning on page 16 of this Letter of Offer.

Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Financial Statements.

MATERIALITY

The Risk Factors contained herein 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 risks may have an impact which is qualitative though not quantitative.
3. Some risks may not be material at the time of making the disclosures in this Letter of Offer but may have a material impact in the future.

INTERNAL RISK FACTORS

1. ***An inability to effectively manage our growth and expansion may have a material adverse effect on our business prospects and future financial performance.***

The success of our business will depend on our ability to effectively implement our business and growth strategy. Our growth depends, amongst other factors, optimally utilising the existing capacity at our manufacturing units, strengthening our global presence and capitalising on business opportunities through our backward integration process. For further details, refer chapter titled “Our Business – Strategies” on page 72. Our ability to achieve growth will also be subject to a range of factors, including, competing with existing companies in the market, continuing to exercise effective quality control, hiring and training qualified personnel.

There is no assurance that we will succeed in implementing our strategies. Our future growth also depends on expanding our sales network to enter new markets in new geographies, through different sales channels. We face increased risks when we enter new markets, in both India or abroad.

Our business growth plans could strain our managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems and internal controls on a timely basis and to expand, train, motivate and manage our workforce which may place significant demands on our management, financial and other resources.

2. *Our Company is party to certain legal proceedings. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.*

Our Company is party to certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts. Mentioned below are the details of the legal proceedings involving our Company as disclosed in this Letter of Offer:

Sr. No.	Nature of Case	No. of Outstanding cases	Amount in dispute/demanded to the extent quantifiable (in ₹ Lakhs)
i.	Litigations filed by our Company	2	48.05
ii.	Litigations filed against our Company	16	67.71

There can be no assurance that these proceedings will be decided in favour of the Company and consequently it may divert the attention of our management and Promoters and waste our corporate resources and we may incur significant expenses in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares. For the details refer chapter titled “*Outstanding Litigations and Defaults*” on page 97.

3. *Our Company does not currently own the premises at which our manufacturing units are located.*

Our Company does not own the premises where our manufacturing facilities are located. The premises on which the manufacturing units are located have been taken on lease from Gujarat Industrial Development Corporation (“GIDC”) for a term of 99 years, in terms of which we are required to comply with certain ongoing conditions. The term of commencement of the lease of the premises are as follows:

Unit	Plot No.	Term Commencement Date
Unit 1	6401	August 18, 1991
	6415	January 12, 1997
	6416	July 18, 1997
	6400 & 6400/1	November 14, 2006
	6402	October 29, 1993
Unit 2	3709/6	March 12, 1998
	3710/1	November 20, 2006
	3710/3	December 19, 2006
Unit 3	D-3/3/1	January 2, 2014

In the event our Company is unable to renew such lease agreements and is required to vacate the aforesaid premises, we shall be required to make alternative arrangements for premises and other infrastructure at short notice. GIDC also retains the power to cancel allotment of land in the event of breach of any rules of allotment. Cancellation of these lands allotted to us due to, among other things, non-compliance of the conditions of the offer-allotment letter could have an impact on our financial condition, which could adversely impact our results of operations and financial condition.

4. *Failure to get approval for trademark application and unable to protect them from being infringed by others, or by current and / or future competitors/employees which may adversely affect our business value, financial condition and results of operations.*

Our Company has registered 1 (one) trademark, with the Trademarks Registry. Further, our Company applied for registration of 1 (one) trademark and corporate logo, with the Trademarks Registry and presently, the application is pending. For further details, please refer chapter titled “*Government and Other Statutory Approvals*” beginning on page 99 of this Letter of Offer. However, there can be no assurance that the said application will succeed. If our Company is unable to obtain registration thereof, we may still continue to use the corporate logo but remain vulnerable to infringement and passing-off by third parties and will not be able to enforce any rights against them. We may also need to change our corporate logo which may adversely affect our reputation and business and could require us to incur additional costs.. For further details pertaining to our intellectual property, please refer to the chapter titled “*Our Business*” beginning on page 70 of this Letter of Offer.

5. *We require certain approvals and licenses in the ordinary course of business and are required to comply with certain rules and regulations to operate our business, and are subject to restrictions specified under those licenses, registrations and approvals.*

We require certain statutory and regulatory permits, licenses and approvals to operate our business and operations including environmental clearance and consents, some of which are either received or applied for or are in the process of application. Many of these approvals are granted for fixed periods of time and need renewal from time to time. Further, our capacity for certain products varies at times to the said permits and licenses. While we have applied for some of these Approvals, non-renewal of the said permits and licenses on timely manner would adversely affect our operations, thereby having a material adverse effect on our business, results of operations and financial condition. Any failure by us to apply in time, to renew, maintain or obtain the required permits, licenses or approvals, or the cancellation, suspension or revocation of any of the permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on the business and revenues. Also variations, if any, to the approvals, may entail action from the concerned authorities.

Further, the Government of India has notified four labour codes, 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, employees and labour relations. While certain aspects of the Code of Wages, 2019, have been notified, the vast majority of the codes are yet to come into force on the date of this Letter of Offer. 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, future cash flows and prospects.

We have not determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, 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 impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected. For further details, please refer chapter titled “*Government and Other Statutory Approvals*” beginning on page 99 of this Letter of Offer.

6. *We are susceptible to exchange rate fluctuations.*

During the Fiscal 2020, Fiscal 2021 and nine-months period ended December 31, 2021, exports of products accounted for 59.00%, 66.65% and 69.74% of our revenue from operations, respectively. We are, therefore, exposed to significant risks relating to exchange rate fluctuations. In addition, because our financial statements are presented in Indian Rupees we are subject to translation risk, which is the risk that our financial statements for a particular period or as of a certain date depend on the prevailing exchange rates of other currencies, against the Indian Rupee. The exchange rate between the Indian Rupee and other foreign currencies has changed considerably in recent years and may further fluctuate in the future. Such fluctuations in currency exchange

rates may impact our results of operations. We may, therefore, be exposed to risks arising from exchange rate fluctuations, may not be able to pass on all losses on account of foreign currency fluctuations to our customers. There can be no assurance that we will be able to manage our foreign currency risk effectively or mitigate exchange exposures.

7. *Our Company is subject to risks arising from interest rate fluctuations.*

As on March 31, 2022, Company has outstanding borrowings of an aggregate of ₹17,458.69 Lakhs from banks. These borrowings are availed by our Company as per the terms and conditions of the relevant sanction letters including rate of interest which is subject to annual or periodical review or renewal by banks. Any increase in the interest rates could significantly raise the costs of borrowing adversely affecting our financial condition. Further, certain of our borrowings are denominated in foreign currency, we are susceptible to the fluctuation in the foreign exchange rates.

8. *Our lenders hold a charge over our movable and immovable properties in respect of financial facilities availed by us.*

With respect to the loans / facilities availed by us from banks, we have created a charge over our movable and immovable properties situated at (i) Plot Nos. 6401, 6415 & 6416, Jitali Taluka, Ankleshwar District, Bharuch, Gujarat; (ii) Plot Nos. 3709/6, 3710/1, 3710/3 Piraman Taluka, Ankleshwar District, Bharuch, Gujarat and; (iii) Plot No. D-3/3/1, GIDC, Dahej – 3, Unit 3, Industrial estate, off Bharuch, Dahej Road, Bharuch, Gujarat along with industrial construction thereon in Dahej Industrial estate; (iv) 301,308, 309, 310, 3rd Floor of Block B Satyamev Complex – 1, Gandhinagar – Sarkhej Highway Road, Opp. New Gujarat High Court, Sola, Ahmedabad – 380063, Gujarat, India. The total amount outstanding and payable by us towards the loans / facilities availed by us from banks as on March 31, 2022 was ₹17,458.69 Lakhs. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our lenders may enforce their rights over our properties, which in turn could have significant adverse effect on business operation and financial condition. Further, if the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under the financing documents, thereby reducing the availability of cash for our operations. For further information, please refer the chapter titled “Financial Statements” beginning on page 82 of this Letter of Offer.

9. *We are subject to restrictive covenants under our financing agreements that could limit our flexibility in managing our business or to use cash or other assets.*

Our Company has entered into loan agreements with our lenders for the credit facilities availed by us. As on March 31, 2022, Company has outstanding borrowings of an aggregate of ₹17,458.69 Lakhs from banks. The credit facilities availed by our Company are secured by way of mortgage of our immovable properties and hypothecation of current assets (both present and future). The premises of registered office and manufacturing facilities situated at Ahmedabad, Dahej and Ankleshwar have been mortgaged in favour of specific secured lenders, respectively. Our financing agreements include certain covenants that inter-alia require us to obtain lender consents prior to carrying out certain corporate activities and entering into certain transactions, such as, changing or altering the capital structure or management set up of the Company, implementing any scheme of expansion or diversification, effecting any scheme or amalgamation or reconstruction, declaring dividend, investing any funds by way of deposits, or loans, or share capital of any other concern, selling, assigning, mortgage or otherwise disposing off any fixed assets, undertake guarantee obligations on behalf of any other borrower or third party or undertaking any borrowing.

Failure or delay in obtaining such consents can have significant consequences on our capacity to expand and therefore adversely affect our business and results of operations. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by the lending banks or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under the said credit facility, which may adversely affect our business and results of operations. Further, the said credit facilities can be renewed / enhanced / cancelled / suspended / reduced and the terms and conditions of the same can be altered by the lending banks, at their discretion. In the event, the lending banks refuse to renew / enhance the credit facilities and / or cancels / suspends / reduces the said credit facilities and / or alters the terms and conditions to the derogation of our Company, our business and financial condition could

be adversely affected.

10. We have availed of unsecured loans which can be recalled by the lenders at any time.

As on March 31, 2022, our Company had outstanding unsecured loans of ₹22.50 lakhs from our Promoters, which may be recalled by such lenders at any time. If the aforementioned lenders recall the loans, our Company will need to find alternative sources of financing, and / or fund it from our internal accruals which will be reduced to such extent.

11. Our Company has certain contingent liabilities in the previous financial years.

The Company's contingent liabilities as on March 31, 2021 and March 31, 2020 include matters pending in respect of income tax.

		(in ₹ Lakhs)	
Sr. No.	Nature of Liability	For the year ended on March 31,	
		2021	2020
A.	Contingencies		
1.	Rebate claims submitted by us rejected by Excise Dept. and the revision appeal is pending with Joint Secretary, Ministry of Finance, New Delhi	16.06	16.06
2.	Cenvat credit taken on invoice of dealer in which RG 23 D entry No. not mentioned, appeal is pending with CESTAT, Ahmedabad	0.00	2.15
3.	Deemed Dividend U/s 2(22)(e) of Income Tax Act 1961, for AY 2012-13, appeal is pending with CIT Appeals-I	12.92	0.00
4.	Penalty u/s 270A of Income Tax Act 1961, for AY 2017-18, appeal is pending with CIT Appeals-I	35.13	35.13
	Total	64.11	53.34
B.	Commitments		
1.	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	271.62	1,806.33
2.	Guarantees Bank Guarantees/ Letter of Credits	130.52	127.28
	Total	402.14	1,933.61

If any of these or any other contingent liabilities materialise, fully or partly, our business and financial condition could be adversely affected. For further details, please refer chapter titled "Financial Statements" and "Outstanding Litigations and Defaults" beginning on page 82 and 97 of this Letter of Offer. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

12. Our members of the Promoter Group, one of our directors and an employee in the past have violated the Company's Code of Conduct for Prohibition of Insider Trading under the Insider Trading Regulations.

Our members of the Promoter Group, Jayantilal K. Patel and Rajulaben J. Patel had traded 500 Equity Shares each, while Hareshbhai Kantilal Patel (Employee) and Shankarlal Baluram Mundra (Independent Director) had traded 460 Equity Shares and 100 Equity Shares respectively during the Trading Window closure period in the Fiscal 2021. The Company had sent show cause notices to each of the above persons calling for defences and details of the trades and such persons have submitted replies to the Company inter-alia stating that the trades were done by mistake/on grounds of miscommunication, and requested for penalty proposed to be imposed by the Company, to be waived off. The Company has thereafter waived the penalty on the grounds that the violation is unintentional, was for the first time and that the above persons were not in possession of any unpublished price sensitive information. The Company had also intimated the Stock Exchanges of such violation of the Company's Code of Conduct for Prohibition of Insider Trading under the Insider Trading Regulations. There can be no assurance that such persons or others will not make such violations of the Insider

Trading Regulations by undertaking similar acts in the future.

13. *Our success depends largely upon the knowledge and experience of our Promoters, other Key Managerial Personnel and persons with technical expertise.*

Our Company depends on the knowledge, experience, management skills and guidance of our Promoters, other Key Managerial Personnel and persons with technical expertise for development of business strategies, monitoring its successful implementation and meeting future challenges. Our Promoters, along with our key managerial personnel and persons with technical expertise, who form an integral part of our Company, have over the years, built relations with suppliers, customers and other key stakeholders associated with our Company. Our future performance will depend largely on our ability to retain the continued service of our management team.

If one or more of our key managerial personnel and persons with technical expertise are unable or unwilling to continue in his / her present position, it could be difficult for us to find a suitable or timely replacement and our business could be adversely affected. Further, since the market requirement for the key managerial personnel and persons with technical expertise is high, in order to retain such personnel, our Company may be required to offer a comparatively higher compensation package, by way of higher pay, more perquisites and stock options. This may adversely affect our financial condition.

14. *Our Company has in the past entered into related party transactions and may continue to do so in the future.*

We have been entering into related party transactions with our Promoters and Directors. Whilst these related party transactions have been disclosed in our financial statements as per applicable accounting standard and we believe that all such transactions have been conducted on an arms-length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to section “Financial Statements - Related Party Transactions” on page F54.

15. *Our Promoters and our Directors have interests in our Company other than the reimbursement of expenses and normal remuneration or benefits.*

In addition to regular remuneration or benefits and reimbursements of expenses, our Promoters and our Directors may be deemed to be interested in our Company, to the extent of Equity Shares held by them and their relatives, dividend paid or payable on those Equity Shares or bonus entitlement, the interest received on unsecured loans extended by the Promoters and Directors to the Company and other benefits arising out of directorship.

16. *Our Promoters have extended personal guarantees in relation to certain credit facilities availed by our Company.*

Bhagwandas Patel, Dixit Patel & Ramesh Patel, Promoters and Directors of our Company, have extended personal guarantees in favour of lenders with respect to various facilities availed by our Company from said lenders. In event of default on the debt obligations, the guarantees may be invoked by our lender thereby adversely affecting our Promoters’ ability to manage the affairs of our Company and this in turn may consequently impact our business, prospects, financial condition and results of operations. Further, in the event any of these guarantees are revoked by our Promoters and Directors, our lenders may require us to furnish alternate guarantees or may demand a repayment of the outstanding amounts under the said facilities sanctioned or may even terminate the facilities sanctioned to us.

There can be no assurance that our Company will be able to arrange such alternative guarantees in a timely manner or at all. If our lenders enforce these restrictive covenants or exercise their options under the relevant loan agreements, our operations and use of assets may be significantly hampered and lender may demand the payment of the entire outstanding amount and this in turn may also affect our further borrowing abilities thereby

adversely affecting our business and financial condition.

17. Some of our corporate records are not traceable.

Certain of our Company's corporate records relating to change in registered office, forms relating to increase in authorised capital and allotment of Equity Shares and appointment of directors are not traceable. Certain disclosures in this Letter of Offer in relation to such untraceable records have been made in reliance on other supporting documents available in our records such as minutes of meetings. We cannot assure that the relevant corporate records will become available in the future.

18. Our profitability and results of operations may be adversely affected in the event of increases in the price of raw materials, fuel costs, labour or other inputs, and our commitments to deliver our products to our clients / customers are dependent on adequate and timely supply of key raw materials.

Our manufacturing operations require processing of various raw materials which we procure indigenously as well as import. The prices of these raw materials are subject to variations depending upon the market demand and other factors. The cost of raw materials, fuel, labour and other inputs constitutes a significant part of our total expenses. The energy costs for operating our plants and other equipment also constitute a significant part of our operating expenses. Such expenses are set-out below:

(in ₹ Lakhs)

Particulars	For the nine months period ended December 31, 2021	For the year ended on March 31,	
		2021	2020
Input Cost			
Cost of Material Consumed	9,885.32	9,930.91	9,763.77
Purchase of Stock-in-Trade	752.11	1,073.08	933.35
Packing Material Charges	307.32	306.1	266.12
E.T.P. Material Charges	22.89	15.82	18.96
Power and Fuel Charges	1,732.07	1,347.07	1,346.50
Other Manufacturing Charges*	1,804.40	1,813.87	1,603.97
Total	14,504.11	14,486.85	13,932.67

*Other manufacturing charges include Transportation, Factory Expenses, Labour Charges, Forwarding and Handling Charges, ETP Expenses, Repairs and Maintenance Expense, R & D Expenses, Safety Expenses, Consumable Stores etc.

Our ability to pass on increases in the purchase price of raw materials, fuel and other inputs may be limited. Our actual expense may vary substantially from the assumptions due to unanticipated increases in the cost of raw materials, fuel, labour or other inputs which may affect our business, financial condition and results of operations.

Any unanticipated increase in the prices of raw materials, fuel, labour or other inputs would substantially increase our total expenses and would adversely affect our business and results of operations.

19. Our Company does not have any formal long-term arrangements with the suppliers. Any significant variation in the supply may adversely affect the operations and profitability of our Company.

While we are not significantly dependent on any single supplier, we do not currently have long term contracts or exclusive supply arrangements with any of our vendors. We are dependent on adequate and timely deliveries by our suppliers of necessary raw materials as per satisfactory levels of quality. In the event of delay, inadequacy, default in deliveries by any of our vendors or deterioration in the quality of raw materials, we may not be able to obtain substitutes on an adequate and timely basis or on commercially acceptable terms.

Our raw materials are sourced from third party suppliers in the domestic and international markets. Though we prefer to deal with a fixed set of suppliers with whom we have cordial relationships, we have not entered into any fixed supply agreement or any other arrangement with any of our suppliers. Our top 10 suppliers of raw materials contributed to 44.62%, 44.39% and 48.31% of our purchases for the Fiscal 2020, Fiscal 2021 and nine

months period ended December 31, 2021, respectively. These suppliers have accorded their trust and service based on our long operating history in the industry, our credit worthiness, and our goodwill. However, in the absence of written agreements, our suppliers are not bound to supply raw materials to us and can withdraw their commitments from us at any time. In addition, our supplier may be unable to provide us with sufficient quantities of raw materials of requisite quality at a suitable price for us to meet the demand for our products.

Furthermore, it is possible that some of our existing suppliers may choose to discontinue operations, or offer more viable terms or enter into exclusive arrangements with our competitors. There can be no assurance that there will not be a significant disruption in the supply of raw materials from current suppliers, or, in the event of a disruption, that we would be able to locate alternative suppliers of the raw materials of comparable quality and competitive price, on terms acceptable to us, or at all.

A major disruption to the timely and adequate supplies of our raw materials or deterioration in the quality of raw materials could adversely affect our business, results of operations and financial condition.

20. *Any disruption in the supply chain could have an adverse impact on our business, financial condition, cash flows and results of operations.*

We regularly use third-party transportation providers for the supply of most of our raw materials and for deliveries of our finished products to our customer, as the case may be, including shipping companies in the case of our exported products. For instance, a significant proportion of our raw materials is brought into our manufacturing facility through trucks and, for imports first by ships and thereafter by trucks. These transportation operations, equipment and services are subject to various hazards, including extreme weather conditions, particularly at sea, work stoppages, delays, spills, derailments and other accidents and other operating hazards. Our Company avails the services of C&F agents for arranging logistics and supply chain services of reputed container shipping lines for ocean freight services for its export consignments and sometimes through air cargo services depending on the urgency. The imports are generally made through the container shipping lines of the vendors' choice. For inland dispatch of finished goods and procurement of raw materials, our Company depends on reputed private transport operators. Transportation costs are affected by various factors including cost of fuel, which has been steadily rising in India. Continuing increases in transportation costs will have an adverse impact on our profitability. Further, strikes by members of various transportation worker unions could have an adverse effect on our receipt of supplies and our ability to deliver our finished products in a timely manner, which could subject us to penalties from our customers.

21. *We are heavily dependent on machinery for our operations and we have not entered into any technical support service agreements for the maintenance and smooth functioning of our machineries.*

Our manufacturing facilities are heavily dependent on plant and machinery. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Any significant malfunction or breakdown of our machineries may entail significant repair and maintenance costs and cause delays in our operations.

While our Company has not entered into any technical support service agreements for our machineries which are repaired / serviced in-house, our Company is able to avail technical support from external experts and machinery suppliers locally. Any failure to quickly redress any technical issue may increase our downtime which may affect our business, results of operations and financial condition. Further, while we believe that we maintain necessary supplies of spare parts and maintenance related equipment, if we are unable to procure the necessary spare parts in a timely manner, or if we are unable to repair the malfunctioning machinery promptly, our manufacturing operations may be hampered, which could have an adverse impact on our business, results of operations and financial condition.

22. *Changes in technology may affect our business by making our processing facilities or equipment less competitive or obsolete.*

Our future success will depend in part on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. Modernization and technology upgradation

is essential to reduce costs and increase the output. Our technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. The development and implementation of such technology and machinery entails technical and business risks. Further, the costs in upgrading our technology and modernizing the plant and machineries may be significant which could substantially affect our finances and operations. We cannot assure you that we will be able to successfully implement new technologies or adapt our processing systems to customer requirements or emerging industry standards. Changes in technology and high fuel costs may make newer plants or equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our facility. If we are unable, for technical, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and results of operations could be adversely affected.

23. *Our Company may be subject to industrial unrest, slowdowns and increased labour costs.*

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Although we currently have no labour unions, we cannot assure you that there will be no labour unions formed in the future.

As at March 31, 2022, our Company had approximately 340 permanent employees (including directors). While our Company believes that it maintains good relationships with the employees and contractors, there can be no assurance that we will not experience disruptions to our operations in the future due to disputes or issues with our contractors or employees. In the event that there are labour unions formed and conflicts with the same, or if our Company experiences unrest or slowdowns, it may become difficult for our Company to maintain flexible labour policies, all of which may materially and adversely impact our business, results of operations and financial condition.

24. *We, at times, rely on contract labour for the performance of our operations.*

We, at times, rely on contract labour for performance of many of our unskilled or semi-skilled operations. We are registered as a principal employer under the Contract Labour (Regulation and Abolition) Act, 1970, and we shall apply for a renewal of this registration at the appropriate stage on periodic basis. However, any delay or non-receipt of any fresh registration or renewal of such registration may adversely affect our ability to employ contract labour in our operations.

If the contractor(s) through whom we engage the contract labour does not possess registration under the Contract Labour (Regulation and Abolition) Act, 1970, or does not pay wages or provide amenities as stipulated by the Contract Labour (Regulation and Abolition) Act, 1970, we as principal employer may be liable to provide the same to the contract labour which may cause an added burden on our financials and may affect our business and results of operations.

25. *Our manufacturing operations are critical to our business.*

Presently, we are operating from (i) Plot Nos. 6401, 6415 & 6416, Jitali Taluka, Ankleshwar District, Bharuch, Gujarat; (ii) Plot Nos. 3709/6, 3710/1, Piraman Taluka, Ankleshwar District, Bharuch, Gujarat and; (iii) Plot No. D-3/3/1, GIDC, Dahej – 3, Unit 3, Industrial estate, off Bharuch, Dahej Road, Bharuch, Gujarat, in India for manufacturing our products. Any local, social unrest, natural disaster or breakdown of services and utilities in that area could have material adverse effect on the business, financial position and results of our operations. Our manufacturing facilities are subject to operating risks, such as breakdown or failure of equipment, power supply or processes, reduction or stoppage of water supply, power supply, performance below expected levels of efficiency, obsolescence, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities.

In the event that we are forced to shut down our manufacturing facilities for a significant period of time, it would have a material adverse effect on our business, results of operations and financial condition. Further,

continuous addition of industries in and around our manufacturing facilities without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure therein, which may adversely affect our business.

26. *Our manufacturing process involves generation of hazardous industrial chemicals.*

Our manufacturing facilities produce various hazardous industrial chemicals and wastes which may be harmful to humans and the environment. While our Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals may cause industrial accidents, loss of human life and/or environmental damage.

If any industrial accident, loss of human life or environmental damage were to occur, we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. Any such event would adversely affect our business and results of operations.

27. *Failure to utilize optimal manufacturing capacities and meet product demand could adversely affect our growth/profitability*

Optimal utilisation of our manufacturing capacities for our products is critical to our operations. We have recently commenced commercial operations at Unit III in Fiscal 2022. For the nine months period ended December 31, 2021, our capacity utilisation at Unit I, Unit II and Unit III was 74.07%, 84.03% and 3.13%, respectively. If we, for any reason are unable to optimally utilise our manufacturing capacity, it could result in us not being able to meet additional demand for our products, stagnation in our sales, which could impact our ability to maintain our market share and add new customers. Conversely, in the event we over-estimate the future demand, we may have excessive capacity, resulting in underutilization of assets or we may have to sell our surplus products at lower margins or losses, which would have a material adverse effect on our profitability and financial condition.

28. *Our business and growth are significantly dependent upon growth of the Food Colours and dye intermediates industry.*

The major products manufactured by us are food colours, lake colours, blended or preparation colours, salt free colours, D&C colours, etc. and dye intermediates. We are dependent upon the growth prospects of the industries in which our products are used such as food & beverages, confectionary, pharmaceuticals, feeds, cosmetics, homecare, personal care, inkjet inks etc.

Any adverse impact or uncertainty about these markets, or the economy could have a negative impact on our customers' confidence or our financial condition. Further, any shortage in the availability of the raw materials or machines required for the manufacturing of our products which is beyond our control could further adversely affect our business and financial condition.

29. *Failure to comply with environmental laws and regulations could lead to unforeseen environmental litigation which could impact our business and our future net earnings.*

Our Company operates in the Food Colors and dye intermediates industry, and is subject to various national and state laws and regulations concerning environmental protection in India, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. 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 and other expenditures to comply with environmental standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third party claims or the levy of regulatory fines. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our facilities.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. 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 or financial condition. 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 and ascertain.

30. *Our business is subject to a variety of safety, health & environmental laws, labour & workplace related laws and regulations. Health, safety, and environmental matters, including compliance with environmental laws and remediation of contamination, could result in substantially increased capital requirements and operating cost.*

Our Company is subject to various central, state and local environmental and safety laws, concerning issues such as harm caused by air or wastewater emission and contamination. Any changes in the applicable laws and regulations in the future may create substantial environmental compliance or remediation liabilities and costs, including monetary fines, criminal penalties on our Company's officers for violation of applicable laws, or imposition of restrictions on our Company's operations (which may include temporary suspension or closure of its operations). We may also, in the future, become involved in legal or regulatory proceedings, in relation to which we may be required to comply with more rigorous environmental or safety standards, or to incur significant capital and operating expenses and / or remedial costs. These factors may adversely affect our revenues and operations.

We cannot assure you that any such legislation, regulation, enforcement or private claim will not have a material adverse effect on our Company's business, financial condition or results of operations. In the event that production at one of our Company's facilities is partially or wholly prevented due to this type of sanction, our Company's business could suffer significantly and our operation results and financial condition could be materially and adversely affected.

31. *We could become liable to clients, suffer adverse publicity and incur substantial costs as a result of defects in our products, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.*

Over the years, we have developed adequate quality assurance and quality control systems across our manufacturing facilities to maintain the quality of our products. However, any failure of such systems or any failure on the part of our personnel in correctly implementing these systems could adversely affect our output and in turn may affect our business and financial condition.

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no liability insurance with respect to our products. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity. Also, our business is dependent on the trust our clients have in the quality of our products. Any negative publicity regarding our Company, brand, could affect our reputation and our results from operations.

32. *Our business involves significant risks and uncertainties that may not be covered by indemnity or insurance.*

Our business operations are subject to inherent risks and hazards which may adversely impact our profitability, such as breakdown, malfunctions, sub-standard performance or failures of manufacturing equipment, fire, loss-in-transit for our products, accidents and natural disasters. At present our insurance policies provide for coverage against risk including standard fire and special perils, public liability (industrial risk), director and officers' liability and marine cargo. However, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. While we maintain insurance coverage in

amounts consistent with industry norms, our insurance policies do not cover all risks, specifically risks such as loss of profits, and are subject to exclusions and deductibles. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed.

If we suffer a significant uninsured loss or if the insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected. Further, there is no assurance that the insurance premium payable by us will be commercially viable or justifiable.

33. *We have not entered into any long term or definitive agreements with our customers.*

We have not entered into any long term or definitive agreements with our customers, and instead rely on purchase orders to govern the volume, pricing and other terms of sales of our products. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, we may be unable to seek compensation for any surplus un-purchased products that we manufacture. Our customers do not, typically, place firm purchase orders until a short time before the products are required from us as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales. Consequently, there is no commitment on the part of the customer to continue to source their requirements from us, and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences.

Additionally, our customers have high and exacting standards for product quantity and quality as well as delivery schedules. Any failure to meet our customers' expectations could result in cancellation of orders. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition.

34. *We may not be able to correctly assess the demand for our products.*

We may not be able to correctly assess the demand for our products in the market, domestic as well as international. Historically, we have been able to maintain adequate inventory levels and have been able to deliver our products in the markets as per the prevailing demand. However, we cannot assure you that in the future we will be able to correctly assess the demand for our products and maintain adequate inventory levels.

Any misjudgment in assessing demand could result in either high inventory levels or low inventory levels. High inventory levels could disturb our working capital cycle and low inventory levels could hinder our process of adequately catering to the prevailing demand thus impacting our business, financial condition and results of operations. In addition, our Food Colors products have a shelf life ranging from 5 to 7 years. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

35. *We are susceptible to volatility of prices of our products, including due to competitive products.*

Prices of our product are subject to fluctuation, depending on, among other factors, the number of producers and their production volumes and changes in demand in the markets we serve. Volatility in price realization and loss of customers may adversely affect our business.

Further, there is no assurance that we will be able to maintain our low cost of operations or to further reduce costs or develop new cost effective processes in the future.

36. *We operate in a competitive business environment, both globally and domestically. If our Company is unable to respond effectively to competition, our business and our financial condition may be adversely affected.*

We operate in a competitive business environment. Growing competition in the domestic and / or international

markets may subject us to pricing pressures and require us to reduce the prices of our products in order to retain or attract customers, which may have a material adverse effect on our revenues and margins. There can be no assurance that we can continue to effectively compete with our competitors in the future, and failure to compete effectively may have an adverse effect on our business, financial condition and results of operations.

37. *Any delays or defaults in receipt of payments or dues from our customers could result in a reduction of our profits.*

We regularly commit resources to orders / assignments prior to receiving advances or other payments from our customers. We may be subject to working capital shortages due to delays or defaults in receipt of payments or dues from such customers.

If our customers default in their payments or if an order / assignment in which we have invested significant resources is delayed, cancelled or curtailed, it could have a material adverse effect on our business, financial condition and results of operations.

38. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements. We cannot assure payment of dividends on the Equity Shares in the future.*

We may retain all our future earnings, if any, for use in the operations and expansion of our 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 of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value.

39. *Our future funds requirements, in the form of issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.*

We may require additional capital from time to time depending on our business needs. Any issue of shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

40. *The deployment of funds raised through this Issue shall not be subject to any monitoring agency and shall be purely dependent on the discretion of the management of our Company.*

Since the Issue size is less than ₹10,000 Lakhs, there is no mandatory requirement of appointing a Monitoring Agency for overseeing the deployment of utilization of funds raised through this Issue. The deployment of funds raised through this Issue, is hence, at the discretion of the management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financial condition.

41. *The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institutions and are based on management estimates.*

The Net Proceeds of this issue shall propose to be used for working capital requirement. Our proposed deployment of Net Proceeds has not been appraised by a public financial institution or a scheduled commercial bank and is based on our management estimates. Our management will have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section including inability to obtain necessary approvals for undertaking proposed activities, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. We cannot assure you that use of the Net Proceeds would effectively meet our future capital requirements.

42. *Any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in this Letter of Offer would be subject to certain compliance requirements, including prior shareholders' approval.*

We propose to utilise the Net Proceeds for working capital purposes. For further details of the proposed objects of the Issue, please refer chapter titled “*Objects of the Issue*” beginning on page 48 of this Letter of Offer. In case of any exigencies arising out of business conditions, economic conditions, competition or other factors beyond our control which adversely affect our business, we may require to use the Net Proceeds to meet any other expenditure which cannot be determined with certainty as on the date of this Letter of Offer. In terms of the SEBI ICDR Regulations and the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds or in the terms of any contract as disclosed in this Letter of Offer without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances requiring us to undertake variation in the utilisation of the Net Proceeds disclosed in this Letter of Offer, we cannot assure that we will be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business.

In light of these factors, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, or vary the terms of any contract referred to in the Letter of Offer, even if such variation 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 unutilised portion of Net Proceeds, if any, which may adversely affect our business and results of operations.

ISSUE SPECIFIC RISKS

43. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncee(s) may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements.

44. *Investors will not have the option of getting the Allotment of Rights Equity Shares in physical form and the Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholders”) may lapse in case they fail to furnish the details of their demat account to the Registrar.*

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. For details, refer chapter titled “*Terms of the Issue – Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 126.

45. *Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.*

In terms of the SEBI ICDR Regulations, the Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Issue Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their Applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Issue Shares at a price that will be higher than the actual market price of the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

46. *Investment in partly paid-up Equity Shares in the Issue is exposed to certain risks. The partly paid-up Equity Shares of our Company will not be traded with effect from the Call Record Date fixed for the determination of the Investors liable to pay at the First and Final Call. The holders of the partly paid up Equity Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid-up.*

The Issue Price of Equity Shares of our Company is ₹450 per Equity Share. Investors will have to pay ₹225 which constitutes 50.00% of the Issue Price on application and the balance ₹225 which constitutes 50.00% of the Issue Price on the First and Final Call made by our Company. The Equity Shares offered under the Issue will be listed under separate ISIN for the period as may be applicable prior to the record date for the First and Final Call. An active market for trading may not develop for the partly paid-up Rights Shares and, therefore, the trading price of the partly paid-up Rights Shares may be subject to greater volatility than our fully-paid Rights Shares.

If the Investor fails to pay the balance amount due with any interest that may have accrued thereon after notice has been delivered by our Company, then any of our Rights Shares in respect of which such notice has been given may, at any time thereafter, before payment of the call money and interest and expenses due in respect thereof, be forfeited by a resolution of our Board to that effect. Such forfeiture shall include all dividends declared in respect of such forfeited Rights Shares and actually paid before such forfeiture. Investors are only entitled to dividend in proportion to the amount paid up and the voting rights exercisable on a poll by Investors shall also be proportional to such Investor's share of the paid-up equity capital of our Company. If certain Investors do not pay the full amount, we may not be able to raise the amount proposed under the Issue.

The ISIN [●] representing partly paid-up Equity Shares will be terminated after the Call Record Date. On payment of the First and Final Call in respect of the partly paid-up Equity Shares, such partly paid-up Equity Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN for the Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of Allottees to whom the notice for First and Final Call would be sent. With effect from the Call Record Date, trading in the partly paid-up Equity Shares for which First and Final Call have been made would be suspended for such period as may be applicable under the rules and regulations. The holders of the partly paid-up Equity Shares will not be able to trade in these shares till they are credited to the holders account as fully paid-up Equity Shares.

47. *There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.*

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be

granted until after those Rights Equity Shares have been issued and allotted. In addition, we are required to deliver the Letter of Offer to SEBI and the Stock Exchanges under the applicable provisions of the Companies Act and the SEBI ICDR Regulations. The trading approvals shall be granted subject to the submission of all other relevant documents authorizing the issuing of Rights Equity Shares. There could be a failure or delay in listing the Rights Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict investors' ability to dispose of their Equity Shares. Further, a closure of, or trading stoppage on the Stock Exchanges could adversely affect the trading price of the Equity Shares.

48. *The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.*

The Issue Price of Rights Equity Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- (a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- (b) changes in revenue or earnings estimates or publication of research reports by analysts;
- (c) speculation in the press or investment community;
- (d) general market conditions; and,
- (e) domestic and international economic, legal and regulatory factors unrelated to our performance.

49. *Certain sections of this Letter of Offer disclose information from the AMR Report and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.*

Certain sections of this Letter of Offer include information based on, or derived from the AMR Report, which has been prepared by AMR and obtained by the Company for the purpose of disclosure in the Letter of Offer. Given the scope and extent of the AMR Report, disclosures are limited to certain excerpts and the AMR Report has not been reproduced in its entirety in this Letter of Offer. The AMR Report is prepared based on information as of specific date thereof and may no longer be current or reflect current trends. Certain information in the AMR Report is subject to limitations and is also based on estimates, projections, forecasts and assumptions. Investors should not place undue reliance on, or base their investment decision solely on this information. You should consult your own advisors and undertake an independent assessment of information in this Letter of Offer based on, or derived from, the AMR Report before making any investment decision regarding the Issue. For further details, refer chapter titled "Industry Overview" on page 60.

EXTERNAL RISK FACTORS

50. *Political instability or changes in the government or government policies could impact the liberalization of the Indian economy.*

The performance and growth of our Company is dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. As a result, our business and the market price and liquidity of the Equity Shares may be affected by such economic and / or political changes. While the current government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on the operations of our Company.

51. *Terrorist attacks, civil disturbances, wars, regional and communal conflicts, natural disasters, fuel shortages, epidemics and labour strikes in India and other regions in which we operate may have a material*

adverse effect on our Company's business and on the market for securities in India.

India has experienced civil and social unrest, terrorist attacks and other acts of violence in the last few years. If such tensions occur in India, or in the other jurisdictions in which we operate, leading to overall political and economic instability, it could adversely affect our business, financial condition and the market price of our Equity Shares. Additionally, any of these events could lower confidence in India's economy and create a perception that investments in companies with Indian operations involve a high degree of risk, which could have a material adverse effect on the price of the Equity Shares. Any discontinuation of business or loss of profits due to such extraneous factors may affect our business. Further, our operations are dependent on our ability to protect our facilities and infrastructure from fire, explosions, floods, typhoons, earthquakes, power failures and other similar events. India has experienced natural disasters such as earthquakes, a tsunami, floods and droughts in the past few years. In addition, we can give no assurance that the insurance coverage we maintain for such risks will adequately compensate it for all damage and economic losses from natural or man-made catastrophes. The occurrence of a natural disaster of a significant scale could cause interruptions in our operations.

52. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial condition.

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and / or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial condition.

53. General economic conditions in India and globally could adversely affect our business, results of operations and financial condition.

Our business, prospects, results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, prospects, results of operations and financial condition. Our Company mainly derives revenue from operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our Company's employee costs and decrease our operating margins, which could have an adverse effect on our business, prospects, results of operations and financial condition.

Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our Company's business. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards the industry in which our Company operates, which may in turn, adversely affect our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, results of operations and financial condition as well as the market price of the Equity Shares.

54. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition. India's physical infrastructure is in a developing phase, as compared to that of many developed nations.*

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

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

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

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

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on April 26, 2022 pursuant to Section 62(1)(a) of the Companies Act. The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in chapter titled “*Terms of the Issue*” on page 109.

Equity Shares proposed to be issued	Up to 5,66,422 Rights Equity Shares
Rights Entitlements	1 (One) Rights Equity Share for every 20 (Twenty) Equity Shares held on the Record Date.
Fractional Entitlement	For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 20 (Twenty) Equity Shares or is not in multiples of 20 (Twenty), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement, if any.
Record Date	[●]
Face value per Equity Share	₹10/-
Issue Price per Rights Equity Share	₹450/-
	On Application, Investors will have to pay ₹225/- per Rights Equity Share which constitutes 50.00% of the Issue Price and the balance ₹225/- per Rights Equity Share which constitutes 50.00% of the Issue Price, will have to be paid, on First and Final Call, as determined by our Board at its sole discretion, from time to time.
Issue Size	Up to ₹2,548.90 Lakhs*
	<i>*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.</i>
Equity Shares issued, subscribed and paid-up prior to the Issue	1,13,28,449 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Equity Shares)	1,18,94,871 [#] Equity Shares
	<i>[#] Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares</i>
Security Codes	ISIN: INE256H01015 BSE: 532707 NSE: DYNPRO ISIN for Rights Equity Shares: [●] ISIN for Rights Entitlements: [●]
Use of Issue Proceeds	For details, refer chapter titled “ <i>Objects of the Issue</i> ” on page 48.
Terms of the Issue	For details, refer chapter titled “ <i>Terms of the Issue</i> ” on page 109.

Terms of Payment

Payment Schedule is as follows:

Amount Payable per Rights Equity Share⁽¹⁾	Face Value (₹)	Premium (₹)	Total (₹)
On Application	5.00	220.00	225.00 ⁽²⁾
On First and Final Call [#]	5.00	220.00	225.00 ⁽³⁾
Total	10.00	440.00	450.00

⁽¹⁾ For further details on Payment Schedule, refer chapter titled “Terms of the Issue” on page 109.

⁽²⁾ Constitutes 50.00% of the Issue Price.

⁽³⁾ Constitutes 50.00% of the Issue Price.

[#] To be paid at such time as may be determined by the Board at its sole discretion.

GENERAL INFORMATION

Our Company was incorporated as '*Dynemic Products Private Limited*' on June 14, 1990, as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, at Ahmedabad, Gujarat Dadra & Nagar Haveli. Subsequently, our Company was converted to public limited company pursuant to a special resolution passed in the general meeting of our Shareholders dated December 31, 1992 and the name of our Company was changed to '*Dynemic Products Limited*' and a fresh certificate of incorporation was issued by the Registrar of Companies, at Ahmedabad, Gujarat Dadra & Nagar Haveli on January 28, 1993.

Registered Office of the Company

Dynemic Products Limited

B-301, Satyamev Complex-1,
Gandhinagar – Sarkhej Highway Road,
Opp. New Gujarat High Court, Sola,
Ahmedabad – 380063, Gujarat India;

Telephone: +91 79 27663071/76

E-mail: cs@dynemic.com

Fax: +91 79 2766 2176;

Website: www.dynemic.com

Corporate Identity Number: L24100GJ1990PLC013886

Registration Number: 013886

Changes in our Registered Office

Upon incorporation, the Registered Office of our Company was situated at 18, Harshad Chambers, Ajod Dairy Road, Rakhial, Ahmedabad, Gujarat, India. Thereafter, our Company has shifted the Registered Office, the details of which are set out below:

Date of Change of Registered Office	Old Address	New Address	Reason for Change
December 31, 1992	18, Harshad Chambers, Ajod Dairy Road, Rakhial, Ahmedabad, Gujarat, India	103, Himadri Office Complex, Near Toran Dinning Hall, Opp: Sales India, Ashram Road, Ahmedabad – 380009, Gujarat India	Administrative Convenience
November 06, 2003	103, Himadri Office Complex, Near Toran Dinning Hall, Opp: Sales India, Ashram Road, Ahmedabad – 380009, Gujarat India	B-301, Satyamev Complex-1, Gandhinagar – Sarkhej Highway Road, Opp. New Gujarat High Court, Sola, Ahmedabad – 380063, Gujarat India;	Administrative Convenience

Address of the RoC

Our Company is registered with the Registrar of Companies, Gujarat at Ahmedabad, which is situated at the following address:

Registrar of Companies

ROC Bhavan, Opp. Rupal Park Society,
Behind Ankur Bus Stop, Naranpura,
Ahmedabad – 380 013
Gujarat, India

Company Secretary and Compliance Officer

Varsha Mehta

Dynemic Products Limited

B-301, Satyamev Complex-1,
Gandhinagar – Sarkhej Highway Road,
Opp. New Gujarat High Court, Sola,
Ahmedabad – 380063, Gujarat India;

Telephone: +91 79 2766 3071/76

E-mail: cs@dynemic.com

Statutory Auditors of our Company

Asim Ravindra & Associates

Chartered Accountants

704, 3rd Eye Vision, Nr. AMA,
Panjrapole Cross Roads,
Ahmedabad – 380015,
Gujarat, India.

Contact Person: CA Ravindra Mehta

Telephone: 079 2630 1626

E-mail: ravicmehta@gmail.com

Firm Registration no.: 118775W

Peer Review No.: 011131

Lead Manager to the Issue

Vivro Financial Services Private Limited

Vivro House, 11 Shashi Colony,
Opp. Suvidha Shopping Center,
Paldi, Ahmedabad – 380 007,
Gujarat, India

Telephone: +91-79-4040 4242

Investor grievance E-mail: investors@vivro.net

Website: www.vivro.net

Contact Person: Anshul Nenawati/Samir Santara

SEBI Registration No.: INM000010122

Statement of responsibilities of Lead Manager to the Issue

Vivro Financial Services Private Limited is the sole Lead Manager to the Issue and all the responsibilities pertaining to co-ordination and other activities, in relation to the Issue, shall be performed by them.

Legal Advisor to the Issue

M/s. Kanga and Company

Advocates & Solicitors

Readymoney Mansion,

43, Veer Nariman Road,

Mumbai – 400 001, Maharashtra, India

Telephone: +91-22-66230000 / 66332288

Website: www.kangacompany.com

Email: chetan.thakkar@kangacompany.com

Contact Person: Chetan Thakkar

Registrar to the Issue

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Mumbai – 400072, Maharashtra, India.

Telephone: +91-22-62638200/22;

Fax: +91-22-62638299

Email: rightsissue@bigshareonline.com;

Investor grievance E-mail: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Contact Person: Vijay Surana

SEBI Reg. No.: INR000001385

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, refer chapter titled “*Terms of the Issue*” on page 109.

Expert

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

M/s. Asim Ravindra & Associates, Chartered Accountants, have given their consent to include their name in this Letter of Offer as an “expert”, as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as statutory auditors of our Company and in respect of their reports on the Audited Consolidated Financial Statements, the Unaudited Consolidated Financial Results, and the statement of special tax benefits dated April 27, 2022, included in this Letter of Offer, and such consent has not been withdrawn as of the date of this Letter of Offer.

Bankers to the Company

HDFC Bank Limited

ALFA Building, FIG-OPS
Department – Lodha, I Think
Techno Campus O-3 Level,
Next to Kanjurmarg, Railway
Station, Kanjurmarg (East)
Mumbai – 400042

Contact Person: Vincent Dsouza, Sachin Dixit, Prasanna Uchil, Neerav Desai

Telephone: 022-30752928/29/2914

Email: Vincent.Dsouza@hdfcbank.com, Sachin.Dixit@hdfcbank.com, Prasanna.Uchil@hdfcbank.com,
neerav.desai@hdfcbank.com

Website: www.hdfcbank.com

Axis Bank Limited

Corporate Banking Branch,
3rd Eye One Building, CG Road,
Near Panchvati Circle,
Ahmedabad – 380009

Contact Person: Dhaval Thakkar

Telephone: +91 7966147102

Email: Cbbahmedabad.Branchhead@axisbank.com

Website: www.axisbank.com

Citibank N.A.

1st Floor, Kalapurnam Building,
Nr. Municipal Market,
C G Road,
Ahmedabad – 380009

Contact Person: Kandarp Kansara

Telephone: 079-40015815

Email: Kandarp.kansara@citi.com

Website: www.citibank.co.in

Banker to the Issue

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Last Date for credit of Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights Entitlements[#]	[●]
Issue Closing Date[*]	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

[#]Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

^{*}Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, refer chapter titled “Terms of the Issue” beginning on page 109.

Please note that if no Application is made by the Eligible Equity Shareholders for Rights Entitlements on or before

Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholder can be accessed by such Eligible Equity Shareholder on the website of the Registrar at www.bigshareonline.com after keying in their respective details along with other security control measures implemented there at. For further details, refer chapter titled “*Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 110.

Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustee

As the proposed Issue is of Rights Equity Shares, the appointment of debenture trustee is not required.

Monitoring Agency

Since the size of the Issue is less than ₹10,000 Lakhs, our Company is not required to appoint a monitoring agency in relation to this Issue.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been appraised by any banks or financial institution or any other independent agency.

Underwriting

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

Filing

This Letter of Offer is being filed with the Stock Exchanges i.e., BSE and NSE as per the provisions of the SEBI ICDR Regulations. Further, our Company will simultaneously do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in for record purpose only.

Minimum Subscription

The objects of the Issue involves financing other than financing of capital expenditure for a project. Further, Our Promoters and members of our Promoter Group, have confirmed their intention to subscribe, to the full extent of their Rights Entitlements in the Issue, as prescribed under the SCRR, except to the extent of renunciation by certain members of Promoters and Promoter Group of their Rights Entitlement in favour other members of Promoter and Promoter Group in part or full. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

Any participation by our Promoters and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Letter of Offer (before and after the Issue) is set forth below:
(in ₹ Lakhs, except the share data)

Particulars	Aggregate value at face value	Aggregate value at Issue Price
A. AUTHORIZED SHARE CAPITAL		
1,30,00,000 Equity Shares of ₹10 each	1,300.00	-
B. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE		
1,13,28,449 Equity Shares of ₹10 each	1,132.84	-
C. PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER⁽¹⁾		
5,66,422 Rights Equity Shares of ₹10 each at premium of ₹ 440 per Rights Equity Share, i.e., at an Issue Price of ₹ 450 per Rights Equity Share ⁽²⁾	56.64	2,548.90
D. ISSUED AND SUBSCRIBED SHARE CAPITAL AFTER THE ISSUE⁽³⁾		
11,89,48,710 Equity Shares of ₹10 each	1,189.49	-
E. PAID-UP SHARE CAPITAL AFTER THE ISSUE		
1,13,28,449 Equity Shares of ₹10 each fully paid-up	1,132.84	
5,66,422 Equity Shares of ₹10 each partly paid-up ⁽³⁾	28.32	
F. SECURITIES PREMIUM ACCOUNT		
Before the Issue		1,036.80
After First and Final Call made in respect of Rights Equity Shares ⁽⁴⁾		3,529.06*

⁽¹⁾ The Issue has been authorised by a resolution of our Board passed at its meeting held on April 26, 2022, pursuant to Section 62(1)(a) of the Companies Act, 2013.

⁽²⁾ On Application, Investors will have to pay ₹225/- per Rights Equity Share which constitutes 50.00% of the Issue Price and the balance ₹225/- per Rights Equity Share which constitutes 50.00% of the Issue Price, will have to be paid, on First and Final Call, as determined by our Board at its sole discretion from time to time.

⁽³⁾ Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares.

⁽⁴⁾ Assuming full payment of all Call Monies by holders of Rights Equity Shares.

*Subject to finalization of Basis of Allotment.

Notes to the Capital Structure:

- Our Company does not have any employee stock option scheme or employee stock purchase scheme.
- Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer, which would entitle the holders to acquire further Equity Shares.
- Shareholding of our Promoters and Promoter Group:**

As on March 31, 2022, none of the Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered. Please refer to the statement showing holding of Equity Shares of persons belonging to

the category “Promoter and Promoter Group” including the details of lock-in, pledge of and encumbrance thereon, as on March 31, 2022, can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532707&qtrid=113.00&QtrName=> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern>:

4. No Equity Shares have been acquired by the Promoters or members of the Promoter Group in the year immediately preceding the date of filing of this Letter of Offer with Stock Exchanges except as disclosed below:

Sr. No.	Name of Promoter & Promoter Group	Number of Equity Shares acquired	Mode of Acquisition	Date of Acquisition
1.	Vimalaben Bhagwandas Patel	11,500	Gift	September 06, 2021
2.	Vimalaben Bhagwandas Patel	13,000	Gift	September 03, 2021
3.	Vimalaben Bhagwandas Patel	6,000	Market Purchase	June 30, 2021

5. **Intention and extent of participation in the Issue by the Promoters and Promoter Group**

Pursuant to letters dated April 26, 2022 (“Subscription Letter”), Our Promoters and members of our Promoter Group, have confirmed their intention to subscribe, to the full extent of their Rights Entitlements in the Issue, as prescribed under the SCRR, except to the extent of renunciation by certain members of Promoters and Promoter Group of their Rights Entitlement in favour other members of Promoter and Promoter Group in part or full. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Additional Rights Equity Shares by the Promoters and Promoter Group, over and above their Rights Entitlements, if any, shall not result in change in control of the management of the Company and shall be in accordance with the provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under Applicable Law.

6. All the Equity Shares of our Company are fully paid-up as on the date of this Letter of Offer. Further, the Rights Equity Shares, when allotted under the Issue, shall be partly paid up.
7. The ex-rights price per Equity Share arrived in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹[●].
8. At any given time, there shall be only one denomination of the Equity Shares of our Company.
9. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:**
 - a. The shareholding pattern of our Company as on March 31, 2022, can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/dynemic-products-ltd/dynpro/532707/shareholding-pattern/> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern>.
 - b. The statement showing holding of Equity Shares of persons belonging to the category “Promoter and Promoter Group” including the details of lock-in, pledge of and encumbrance thereon, as on March 31, 2022, can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532707&qtrid=113.00&QtrName=> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern>

- c. The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on March 31, 2022, as well as details of shares which remain unclaimed for public, can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532707&qtrid=113.00&QtrName=> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern>

10. **Details of the Shareholders holding more than 1% of the issued and paid-up equity share capital**

- a. The details of shareholders of our Company holding more than 1% of the issued and paid -up equity share capital of our Company, as on March 31, 2022 are available on the website of BSE at <https://www.bseindia.com/stock-share-price/dynemic-products-ltd/dynpro/532707/shareholding-pattern/> and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern>

OBJECTS OF THE ISSUE

We intend to utilize the gross proceeds raised through the Issue (the “**Gross Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the following objects (collectively, referred to as the “**Objects**”):

The proceeds of the Issue, after deducting the Issue related expenses (the “Net Proceeds”), are estimated to be approximately ₹2,475.00 Lakhs.

The Net Proceeds of the Issue are proposed to be deployed for financing the following objects:

1. To meet incremental working capital requirement (‘**Object**’);

The main object clause of the Memorandum of Association of our Company enables us to undertake the existing activities and the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association.

DETAILS OF NET PROCEEDS FROM THE ISSUE

The details of Issue Proceeds are set forth in the following table:

		(in ₹ Lakhs)
Particulars	Amount	
Gross Proceeds from the Issue [#]	Up to 2,548.90	
Less: Estimated Issue related Expenses	73.90	
Net Proceeds from the Issue	2,475.00	

[#]Assuming full subscription and receipt of all Call Monies with respect to Rights Shares.

PROPOSED UTILISATION OF THE NET PROCEEDS OF THE ISSUE

The intended use of the Net Proceeds of the Issue by our Company is set forth in the following table:

		(in ₹ Lakhs)
Sr. No.	Particulars	Amount
1.	To meet incremental working capital requirements	2,475.00
	Total Net Proceeds*	2,475.00

*Assuming full subscription in this Issue, receipt of all Call Monies with respect to Rights Shares, and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

UTILIZATION OF NET PROCEEDS AND SCHEDULE OF IMPLEMENTATION

We propose to deploy the Net Proceeds towards the aforesaid objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

		(in ₹ Lakhs)	
Sr. No.	Particulars	Amount to be deployed from Net Proceeds	Estimated deployment of Net Proceeds for the Financial Year ending March 31, 2023
1.	To meet incremental working capital requirements	2,475.00	2,475.00
	Total Net Proceeds*	2,475.00	2,475.00

* Assuming full subscription in the Issue, receipt of all Call Monies with respect to Rights Shares, and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

MEANS OF FINANCE

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from the Net Proceeds.

Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75.00% (Seventy-Five Percent) of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue.

The fund requirement and deployment are based on our management estimates and has not been appraised by any bank or financial institution or any other independent agencies. In case of a shortfall in the Net Proceeds, our management may explore a range of options which include utilisation of our internal accruals, or other modes of financing. Our management expects that such alternate arrangements would be available to fund any such shortfall.

Any amount, deployed by our Company out of internal accruals towards the aforementioned objects till the date of receipt of Issue Proceeds shall be recouped by our Company from the Issue Proceeds. In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above-mentioned Objects through a combination of Internal Accruals or Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

The fund requirement above is based on our current business plan and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment and interest or exchange rate fluctuations. Consequently, our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our management.

For further details on the risks involved in our business plans and executing our business strategies, please refer chapter titled "*Risk Factors*" beginning on page 20 of this Letter of offer.

DETAILS OF THE OBJECTS OF THE ISSUE

The details in relation to objects of the Issue are set forth herein below:

1. To meet incremental working capital requirements

Our business is working capital intensive and our Company funds a majority of our working capital requirement through internal accruals and financing from various banks.

Basis of estimation of working capital requirement:

The details of estimation of working capital requirement (on standalone basis), is as under:

(in ₹ Lakhs)				
Sr. No	Particulars	Audited for the Financial Year ending March 31, 2021	Estimated for the Financial Year ending March 31, 2022	Projected for the Financial Year ending March 31, 2023
I	Current Assets			
(a)	Trade Receivables	4,135.49	5,085.77	9,414.67
(b)	Inventories			
	i. Raw Material	1,183.57	1,278.82	2,664.20
	ii. Work-in-Progress	306.96	316.00	553.01
	iii. Finished Goods	2,125.68	2,925.75	3,256.60
I	Cash and Cash Equivalents	70.64	28.96	105.87
(d)	Other Current Assets	3,418.12	2,761.45	2,846.09
	Total Current Assets (A)	11,240.46	12,396.75	18,840.44
II	Current Liabilities			
(a)	Trades and Other Payables	2,814.20	3,884.98	1,172.82
(b)	Other Current Liabilities	1,404.31	2,268.00	2,661.52
(c)	Short Term Provision	990.16	362.30	1,177.13
	Total Current Liabilities	5,208.67	6,515.27	5,011.48

Sr. No	Particulars	Audited for the Financial Year ending March 31, 2021	Estimated for the Financial Year ending March 31, 2022	Projected for the Financial Year ending March 31, 2023
	(B)			
III	Working Capital Gap (A-B)	6,031.79	5,881.48	13,828.97
IV	Funding Pattern			
(a)	Short Term Borrowings	4,215.63	5,475.59	5,602.22
(b)	Net Proceeds from the issue	-	-	2,475.00
(c)	Proceeds from WCTL	-	-	524.32
(d)	Internal Accruals	1,816.16	405.89	5,227.42
	Total	6,031.79	5,881.48	13,828.97

The incremental working capital requirements and deployment are based on historical Company data, experience of our management team and our internal management appraisal and estimation of the future requirements considering the growth in activities of our Company. We operate in a highly competitive and dynamic market environment and may have to revise our estimates from time to time on account of external circumstances, business or strategy, foreseeable opportunity. Consequently, our fund requirements may also change based on changing business scenarios.

Basis of Estimation - Holding Period

Sr. No.	Particulars	Basis	Audited for the Financial Year ending March 31, 2021	Estimated for the Financial Year ending March 31, 2022	Projected for the Financial Year ending March 31, 2023
I	Current Assets				
(a)	Trade Receivables	Days	65	69	59
(b)	Inventories				
	i. Raw Material	Days	49	38	38
	ii. Work-in-Progress	Days	7	5	5
	iii. Finished Goods	Days	48	51	31
(c)	Other Current Assets	Days	61	41	23
II	Current Liabilities				
(a)	Trade Payables	Days	55	107	60
(b)	Other Current Liabilities	Days	32	41	26
(c)	Short Term Provision	Days	22	7	11
III	Working Capital Cycle (I – II)	Days	121	50	58

Justification for Holding Period Level

Particulars	Assumptions made and justification
Current Assets	
Trade receivables	Trade receivables are based on the average standard payment terms across our customers. Our general credit terms vary across geographies and type of customer and our assumptions are based on past trends. Based on the projected sales of our products and credit policy, we have assumed average trade receivables turnover ratio as 59 days of revenue from operations for Fiscal 2023.
Inventories	Raw Material: Raw material days are computed based on the historic Standalone audited financial statements. Based on the estimated production schedule and demand of finished goods, our Company has assumed average holding period for raw materials as 38 days of raw material consumption for the Fiscal 2023. Work in Progress: Work in progress days are computed from the historic Standalone Financial Statements. Our Company has assumed average holding period for work in

Particulars	Assumptions made and justification
	progress as 5 days of total operating expense (excluding depreciation, employee cost and administrative expenses) for the Fiscal 2023.
	Finished Goods: Finished goods days are computed based on the historic Standalone audited financial statements. Based on the estimated demand, our Company has assumed average holding period for finished goods as 31 days of cost of sales for the Fiscal 2023.
Other Current Assets	Other Current Assets comprises of advance to staff, balances with government authorities, advances made to our suppliers and other short-term loans and advances. Our Company has assumed outstanding for other current as 23 days of revenue from operations for the Fiscal 2023.
Current Liabilities	
Trade payables	Trades Payable is based on the average standard payment terms of our vendors. Our trade payables predominantly comprise of payables towards purchase of goods and services. Our operating trade payables in Fiscal 2021 were 55 Days and our trade payables in Fiscal 2022 were 107 days which include payables for capital purchases during the year. For Fiscal 2023, our Company has assumed average operating trade payables turnover ratio as 60 days for the Fiscal 2023.
Short term provisions and Other current liabilities	Short-term provisions consist of provisions for employee benefits and taxes. Other current liabilities predominantly comprise of current maturities of long-term borrowings, statutory payables and other payables. Our Company has assumed short term provisions as 26 days of total operating expense (excluding depreciation) for the Fiscal 2023. Our Company has assumed other current liabilities as 11 days of total operating expense (excluding depreciation) for the Fiscal 2023.

2. Expenses for the Issue

The Issue related expenses consist of fees payable to the Lead Manager, Legal Counsel, processing fee to the SCSBs, Registrars to the Issue, printing and stationery expenses, advertising expenses and all other incidental and miscellaneous expenses for listing the Right Shares on the Stock Exchange. Our Company will need approximately ₹73.90 Lakhs towards these expenses, a break-up of the same is as follows:

(in ₹ Lakhs)			
Activity	Estimated Expense	% of Estimated Issue Size Expenses	% of Estimated Issue Size
Fees of the Lead Manager, Registrar, Legal Advisor, and other intermediaries	47.00	63.60	1.84
Statutory Fees payable including depositories, Stock Exchange	23.01	31.14	0.90
Statutory Advertising, Marketing, Printing and Distribution	3.76	5.09	0.15
Other expenses (including miscellaneous expenses and stamp duty)	0.13	0.17	0.01
Total estimated Issue expenses*	73.90	100.00	2.90

**Assuming full subscription and receipt of all Call Monies with respect to Rights Shares, finalization of Basis of Allotment and actual Allotment.*

All Issue related expenses will be paid out of the Gross Proceeds from the Issue. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be borne by the Company from internal accruals.

SCHEDULE OF IMPLEMENTATION AND DEPLOYMENT OF FUNDS

We will be receiving 50% (Fifty Percent) of the Issue Price of the Net Proceeds on Application and the balance shall be received by our Company in subsequent Calls (the timing of which shall be determined by the Board of Directors at its sole discretion). Accordingly, our Company retains the right to utilize the Net Proceeds to meet the stated Objects.

The details in relation to utilization of Net Proceeds of the Issue are set forth herein below:

(in ₹ Lakhs)

Sr. No.	Object	Amount to be funded from Net Proceeds	Amount to be deployed from the Net Proceeds in Fiscal 2023
1.	To meet incremental working capital requirements	2,475.00	2,475.00
Total		2,475.00	2,475.00

To the extent, our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned Objects of the Issue, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in subsequent fiscals towards the aforementioned Objects.

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

As on date, our Company has not deployed any funds towards Objects of the Issue.

APPRAISAL OF THE OBJECTS

None of the Objects of the Issue for which the Net Proceeds will be utilized have been appraised by any bank or financial institution.

STRATEGIC AND/ OR FINANCIAL PARTNERS

There are no strategic and financial partners to the Objects of the Issue.

BRIDGE FINANCING FACILITIES

Our Company have not raised or availed any bridge financing facilities for meeting the expenses as stated under the Objects of the Issue.

INTERIM USE OF FUNDS

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or make any such investment as may be allowed by SEBI from time to time.

MONITORING OF UTILIZATION OF FUNDS

Since the proceeds from this Issue are less than ₹10,000 Lakhs, in terms of Regulation 41(1) of the SEBI (ICDR) Regulations, our Company is not required to appoint a monitoring agency for this Issue. However, as per SEBI (LODR) Regulation, the Board of Directors of the Company would be monitoring the utilization of the proceeds of the Issue. The Company will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate investments, if any, of unutilized Issue Proceeds in the Financial Statements of the Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in this Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. Pursuant to Regulation 32 of the SEBI (LODR) Regulation, the Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue Proceeds. In accordance with Regulation 32 of the SEBI (LODR) Regulation, the Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after placing the same before the Audit Committee.

VARIATION IN OBJECTS

In accordance with applicable provisions of the Companies Act, 2013 and applicable rules, except in circumstances of business exigencies, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the 'Postal Ballot Notice') shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Hindi, the vernacular language of the jurisdiction where the Registered Office is situated.

KEY INDUSTRY REGULATIONS FOR THE OBJECTS OF THE ISSUE

No additional provisions of any acts, regulations, rules and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

INTEREST OF PROMOTERS, PROMOTER GROUP AND DIRECTORS, AS APPLICABLE TO THE OBJECTS OF THE ISSUE

Pursuant to letters dated April 26, 2022 ("Subscription Letter"), our Promoters and members of our Promoter Group, have confirmed their intention to subscribe, to the full extent of their Rights Entitlements in the Issue, as prescribed under the SCRR, except to the extent of renunciation by certain members of Promoters and Promoter Group of their Rights Entitlement in favour other members of Promoter and Promoter Group in part or full. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

None of our Promoters, members of the Promoter Group and the Directors do not have any interest in the Objects of the Issue.

OTHER CONFIRMATIONS

Except disclosed above, there is no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoter, Directors or Key Management Personnel of our Company and no part of the Net Proceeds will be paid as consideration to any of them. Except disclosed above, none of our Promoters, members of Promoter Group or Directors are interested in the Objects of the Issue. No part of the proceeds from the Issue will be paid by the Company as consideration to our Directors or Key Managerial Personnel.

Our Company does not require any material government and regulatory approvals in relation to the Objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors

Dynemic Products Limited

B-301, Satyamev Complex-1,
Opp. Gujarat High Court, S.G. Road,
Sola, Ahmedabad,
Gujarat – 380060

Vivro Financial Services Private Limited

Vivro House, 11, Shashi Colony
Opp. Suvidha Shopping Centre,
Paldi, Ahmedabad – 380007
Gujarat, India

(Vivro Financial Services Private Limited referred to as the “**Lead Manager**”)

Dear Sirs,

Re: Proposed rights issue of equity shares of face value of Rs. 10 each (“Equity Shares”) of Dynemic Products Limited (“Company” and such offering, the “Issue”).

We report that the enclosed statement in the **Annexure**, states the possible special tax benefits under direct tax laws i.e. Income tax Rules, 1962 including amendments made by the Finance Act, 2022 (hereinafter referred to as “**Income Tax Laws**”), and indirect tax laws i.e. the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations, circulars and notifications issued there under, Foreign Trade Policy presently in force in India, available to the Company and its shareholders. Several of these benefits are dependent on the Company, its shareholders as the case may be, fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company, its shareholders to derive the special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company and its shareholders faces in the future, the Company and its shareholders may or may not choose to fulfill.

We confirm that while providing this certificate, we have complied with the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, ‘Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements,’ issued by the ICAI.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement

The benefits discussed in the enclosed **Annexure** are not exhaustive. This statement is only intended to provide general information to the investors and is 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 Issue. Neither are we suggesting nor advising the investor to invest in the Issue based on this statement.

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

- (i) the Company or its shareholders will continue to obtain these benefits in future; or
- (ii) the conditions prescribed for availing the benefits have been/would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the

Company and on the basis of our understanding of the business activities and operations of the Company.

We also consent to the references to us as “Experts” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Letter of Offer “(**Offer Documents**)” of the Company or in any other documents in connection with the Issue.

We hereby give consent to include this statement of special tax benefits in the Offer Documents and in any other material used in connection with the Issue.

This certificate is issued for the sole purpose of the Issue, and can be used, in full or part, for inclusion in the Offer Documents and any other material used in connection with the Issue, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, recognized stock exchange, any other authority as may be required and/or for the records to be maintained by the Lead Manager in connection with the Issue and in accordance with applicable law, and for the purpose of any defense the Lead Manager may wish to advance in any claim or proceeding in connection with the contents of the offer documents.

This certificate may be relied on by the Company, Lead Manager, their affiliates and the legal counsel in relation to the Issue.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued pursuant to the Issue commence trading on the recognized stock exchange. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date the Equity Shares commence trading on the recognized stock exchange.

Yours faithfully,

For and on behalf of M/s Asim Ravindra & Associates
Chartered Accountants
Firm Registration Number: 118775W

Name: Ravindra Mehta
Partner
ICAI Membership Number: 043051

UDIN: 22043051AHWZXE8644
Date: April 27, 2022
Place: Ahmedabad

CC:

M/s. Kanga & Co.
Readymoney Mansion,
43, Veer Nariman Road,
Fort, Mumbai – 400 001

(Kanga & Co. referred to as the “**Legal Counsel**”)

ANNEXURE

STATEMENT OF TAX BENEFITS

To,

The Board of Directors

Dynemic Products Limited

B-301, Satyamev Complex-1,

Opp. Gujarat High Court, S.G. Road,

Sola, Ahmedabad,

Gujarat – 380060

Re: Proposed rights issue of equity shares of face value of ₹10 each (the “Equity Shares” and such offering, the “Issue”) of Dynemic Products Limited (the “Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the ‘Act’).

We hereby report that the enclosed Statement prepared by Dynemic Products Limited (the “Company”) states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2022 (hereinafter referred to as “**Income Tax Laws**”), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy, presently in force in India under the respective tax laws of their country as on the signing date, for inclusion in the Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that this Statement is only intended to provide general information to the investors and is 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 offer.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ (‘the Guidance Note’) issued by the Institute of Chartered Accountants of India (‘ICAI’). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements

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

- the Company or the shareholders of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchange where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

Yours faithfully,

For and on behalf of M/s Asim Ravindra & Associates
Chartered Accountants
Firm Registration Number: 118775W

Name: Ravindra Mehta
Partner
ICAI Membership Number: 043051

UDIN: 22043051AHWZXE8644
Date: April 27, 2022
Place: Ahmedabad

Encl: As above

ANNEXURE I

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO DYNEMIC PRODUCTS LIMITED (THE “COMPANY”) AND ITS SHAREHOLDER. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as ‘the Act’)

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Act

There are no special tax benefits available to the shareholders of the Company.

Notes:

- a. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law
- c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2023-24.
- d. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company
- e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile
- f. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO DYNEMIC PRODUCTS LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (collectively referred to as “indirect tax”)

1. Special tax benefits available to the Company under the Indirect Tax

There are no special indirect tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Indirect Tax

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the shares of the Company.

Notes:

- a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b. The above statement covers only above-mentioned tax laws benefits and does not cover any direct tax law benefits or benefit under any other law
- c. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice
- d. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The industry related information in this chapter is derived from the reports titled “Food Colors Market by Type (Natural Colors and Artificial Colors), by Applications (Meat Products, Beverages, Dairy, Bakery & Confectionary, Processed Food & Vegetables, Oils & Fats, and Others): Global Opportunity Analysis and Industry Forecast, 2020–2027” prepared by Allied Market Research, a full-service market research and business-consulting wing of Allied Analytics LLP based in Portland, Oregon (referred as “AMR Report”), except for other publicly available information as cited in this chapter. Neither we nor any other person connected with the Issue has verified the information in the AMR Report or other publicly available information cited in this chapter. Further, the AMR Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends. Opinions in the AMR Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. Prospective investors are advised not to unduly rely on the AMR Report. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but 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.

GLOBAL ECONOMIC OUTLOOK

Global growth is projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January 2022. Beyond 2023, global growth is forecast to decline to about 3.3 percent over the medium term. War-induced commodity price increases and broadening price pressures have led to 2022 inflation projections of 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies—1.8 and 2.8 percentage points higher than projected last January 2022.

Inflation is expected to remain elevated for longer than in the previous forecast, driven by war-induced commodity price increases and broadening price pressures. For 2022, inflation is projected at 5.7 percent in advanced economies and 8.7 percent in emerging market and developing economies—1.8 and 2.8 percentage points higher than projected in January 2022. Although a gradual resolution of supply-demand imbalances and a modest pickup in labour supply are expected in the baseline, easing price inflation eventually, uncertainty again surrounds the forecast.

(Source: World Economic Outlook April 2022 as published by IMF)

INDIAN ECONOMIC OUTLOOK

The Indian economy is estimated to grow by 9.2 per cent in real terms in 2021-22 (as per the First Advance Estimates), after a contraction of 7.3 per cent in 2020-21. Growth in 2022-23 will be supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending. The year ahead is also well poised for a pick-up in private sector investment with the financial system in a good position to provide support to the revival of the economy. Thus, India's GDP is projected to grow in real terms by 8.0-8.5 per cent in 2022-23. This projection is based on the assumption that there will be no further debilitating pandemic related economic disruption, monsoon will be normal, withdrawal of global liquidity by major central banks will be broadly orderly, oil prices will be in the range of US\$70-\$75/bbl, and global supply chain disruptions will steadily ease over the course of the year.

(Source: Economic Survey 2021-22)

ABOUT SYNTHETIC / ARTIFICIAL FOOD COLOURS

Food colour additives are critical to the food and beverage industries, as important constituents of product formulation aim to satisfy consumer expectations. Even before the taste, the consumer's initial experience of food is visual. Colour is added to enhance the sensory experience of food for the consumer and match the product flavour.

A synthetic / artificial food colour is a pigment or a dye, which adds colour to food items or drinks. Synthetic food colours are available in liquid, liquid gel, gel paste, and powdered forms. They find their major application in commercial food and household cooking. Food quality is evaluated on the basis of the colour of the food. These colours protect the quality of vitamins in the food, which may get affected due to sunlight.

Chemicals used in artificial flavours involve less cost for processing as compared to natural colours. Furthermore, the processing time of artificial flavours is extremely less and is eco-friendly. Artificial colours are widely used across various industries, especially in the beverages and processed food industries. Similar to natural colours, they are prepared by expertise in laboratories; however, the difference between artificial colour and natural colour is that the former is chemically produced in a laboratory and the latter is naturally derived.

The artificial food colour is expected to grow at the significant rate in the coming years owing to increase in demand for food colours in various applications such as bakery & confectionery, dairy, seafood, and meat products. Thus, low cost of artificial colours has gained a major traction in the market over natural food colours. Furthermore, higher reliability and longer shelf life of artificial food colours as compared to natural food colours has positively impacted the growth of artificial food colour.

Moreover, increase in curiosity of millennia to try innovative food boosts the growth of the synthetic food colour market. Furthermore, rise in rate of internet penetration around the major parts of the world makes way for manufacturers to initiate several key online marketing programs. These online platforms are one of the easiest ways to create awareness about the specifications and features of the food ingredients among the target customers. Hence, tapping into such markets is expected to create potential opportunities for the expansion of the synthetic food colour market.

GLOBAL SYNTHETIC /ARTIFICIAL FOOD COLOUR INDUSTRY - OVERVIEW

The global synthetic / artificial food colour market was valued at \$714.4 million in 2019, and is projected to reach \$893.5 million by 2027, registering a CAGR of 8.8% from 2020 to 2027. The meat products segment was the highest contributor to the market, with \$149.2 million in 2019, and is estimated to reach \$192.9 million by 2027, at a CAGR of 9.28% during the forecast period.

The bakery & confectionary segment is estimated to reach \$143.0 million by 2027, at a CAGR of 9.48%. The meat products and beverage segments collectively accounted for around 37.8% market share in 2019. The bakery & confectionary and dairy segments are expected to witness significant CAGRs of 9.48% and 9.24%, respectively, during the forecast period. The cumulative share of these two segments was 27.3% in 2019 and is anticipated to reach 28.4% by 2027.

Global Synthetic / Artificial Food Colour Market Revenue, by Application, 2019–2027 (\$Million)

APPLICATION	2019	2020	2021	2022	2023	2024	2025	2026	2027	CAGR% (2020-2027)
Meat products	149.2	103.6	133.8	145.5	156.1	166.2	175.8	184.8	192.9	9.28%
Beverages	121.5	84.5	109.3	119.0	127.9	136.4	144.4	152.0	159.0	9.45%
Dairy	86.6	60.1	77.6	84.3	90.5	96.3	101.8	107.0	111.6	9.24%
Bakery & confectionary	109.0	75.8	98.1	106.8	114.9	122.5	129.8	136.7	143.0	9.48%
Processed food & vegetables	36.6	25.4	32.7	35.5	38.0	40.4	42.7	44.8	46.6	9.09%
Oils and fats	26.1	18.3	23.8	26.0	28.1	30.1	32.1	33.9	35.7	10.01%
Others	185.5	126.5	160.3	170.9	179.9	187.7	194.6	200.3	204.8	7.12%
Total	714.4	494.2	635.4	688.1	735.4	779.6	821.2	859.5	893.5	8.83%

Source: Primary & Secondary Research and AMR Analysis

Note: Total number may differ due to rounding off the decimal places

Global Synthetic / Artificial Food Colour Market Volume, By Application, 2019–2027 (Tons)

APPLICATION	2019	2020	2021	2022	2023	2024	2025	2026	2027	CAGR% (2020-2027)
Meat products	18,620.5	10,066.4	12,672.2	13,710.6	14,665.5	15,488.3	16,251.8	16,951.0	17,549.7	8.3%
Beverages	14,756.5	8,007.7	10,118.8	10,989.4	11,799.3	12,508.4	13,174.7	13,793.5	14,334.8	8.7%
Dairy	10,971.2	5,928.4	7,459.6	8,067.1	8,625.0	9,104.7	9,549.1	9,955.3	10,302.1	8.2%
Bakery & confectionary	12,553.5	6,794.7	8,563.8	9,276.7	9,934.7	10,504.7	11,035.7	11,524.3	11,945.6	8.4%
Processed food & vegetables	5,044.1	2,676.0	3,305.8	3,510.0	3,684.3	3,818.4	3,931.8	4,024.4	4,088.8	6.2%
Oils and fats	3,400.6	1,843.1	2,326.1	2,523.2	2,705.8	2,864.9	3,013.7	3,151.4	3,271.0	8.5%
Others	22,073.6	11,782.7	14,642.6	15,636.0	16,503.4	17,194.6	17,795.1	18,302.1	18,680.1	6.8%
Total	87,420.0	47,099.0	59,089.0	63,713.0	67,918.0	71,484.0	74,752.0	77,702.0	80,172.0	7.9%

Source: Primary & Secondary Research and AMR Analysis

Note: Total number may differ due to rounding off the decimal places

INDIAN SYNTHETIC / ARTIFICIAL FOOD COLOUR MARKET - OVERVIEW

India is a strong global dye supplier, accounting for approximately 16% of the global production of dyestuff and dye intermediates. Maharashtra and Gujarat account for 90% of dyestuff production in India due to the availability of raw materials and dominance of textile industry in these regions.

Synthetic colours remain one of the most popular type of food colouring in the country, as they are brighter, more uniform, better characterized, and of higher tinctorial strength, encompass a wider range of hues, and are less expensive than colours derived from nature. They are available in three forms, solid, liquid and gel type. Synthetic food colour improves the taste of food products and helps to maintain the quality. Synthetic food colours have been increasingly used than natural food colour by food manufacturers to attain certain properties such as low cost, improved appearance, high colour intensity, more colour stability, and uniformity.

The Food Safety and Standard Authority of India ('FSSAI') regulates the food colourants market of the country. At present, the regulatory body only permits eight synthetic food colourants with the limit not exceeding the ADI value, and hence, food manufacturers are allowed to use these chemicals in the food in restricted amount. The FSSAI regulations and provision for food colour are under the category 'Colouring Matter'. The regulations say that no colouring matter should be added to food unless permitted in these regulations. The food colour cited in the regulations shall be pure and free from any harmful impurities. A declaration about the added synthetic food colour in the product should be mentioned on the label of the food product.

Continuously growing adoption of ready to eat products, increasing synthetic food consumption, surging demand for synthetic food colour in dairy products, energy drinks, or soft drinks, increasing population, rising demand for processed and packaged food, changing lifestyle, and a presence of a large number of restaurant chains, are some of the significant factors that drive the growth of the Indian synthetic food colour market.

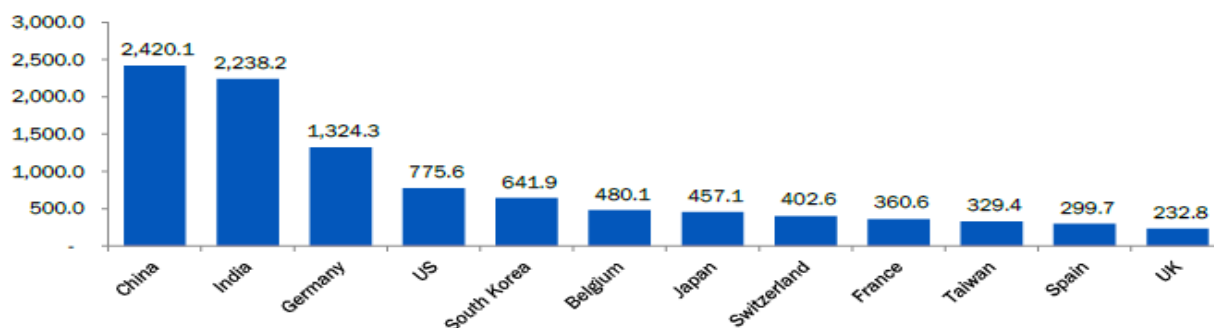
Although few regulations regarding food safety and concerns with synthetic food items restrain the market growth for synthesized food colour products, but in the long run, the synthetic food colour has massive opportunities in the Indian market, due to rapid rise in food consumption and increase in quick service restaurants.

The idea of synthetic food colour might sound a little strange and peculiar to those who are entirely in a habit of eating natural food products, but still the synthetic food colour market is steadily gaining traction in the Indian market. Day in and day out, new and innovative food products are being included in the list of synthetics food products. Currently, the North American countries are witnessing strong growth in the synthetic food colour market, due to the fast-growing fast-food industry. Developing countries such as India and China also cater to a voluminous demand for synthetic food colour products.

The Government of India has set export target of USD1 trillion by 2030, which will encourage exporters to export the goods to western countries. According to the Trademap, China and India are the biggest exporters of synthetic / organic colouring matter and hold 19.8% and 18.3% of share in global export market in terms of value. India exports USD 2.2 billion of synthetic / organic colouring matter across the globe and is the biggest exporter of synthetic / organic colouring matter in terms of volume. The annual growth rate of export of those goods from 2016 to 2020 was 7% in terms of value and 5% in terms of volume.

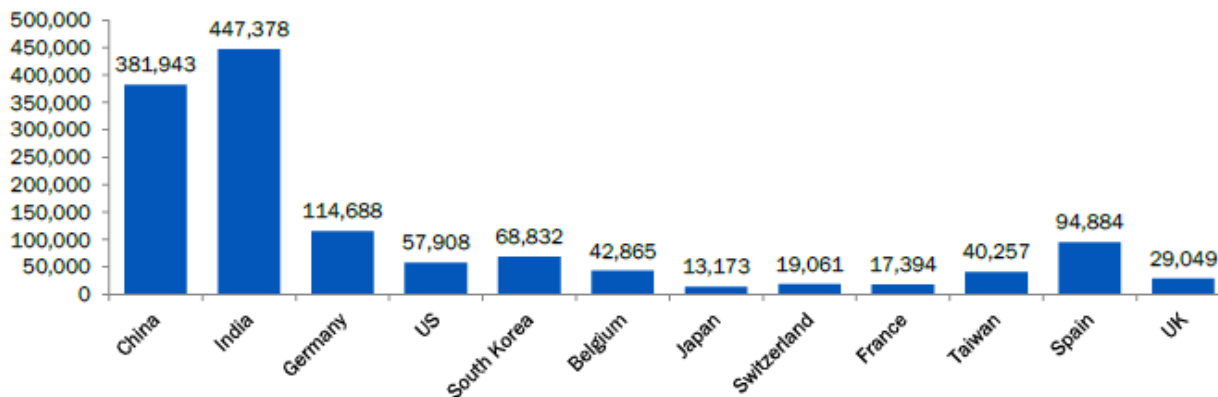
India is an emerging market for food colourants. Indian food quality needs to be aligned with the food colouring requirements of major importing nations to escalate the exports. Whether it is natural or synthetic, the key factor is to meet the desired specifications of the product as stipulated by regulation. There are a set of regulations according to FSSAI - the Indian regulatory body for the use of food colours in different food that can still facilitate the standards to converge with CODEX.

Top exporting countries of Synthetic / Organic Colouring Matter in 2020 (value in \$million)



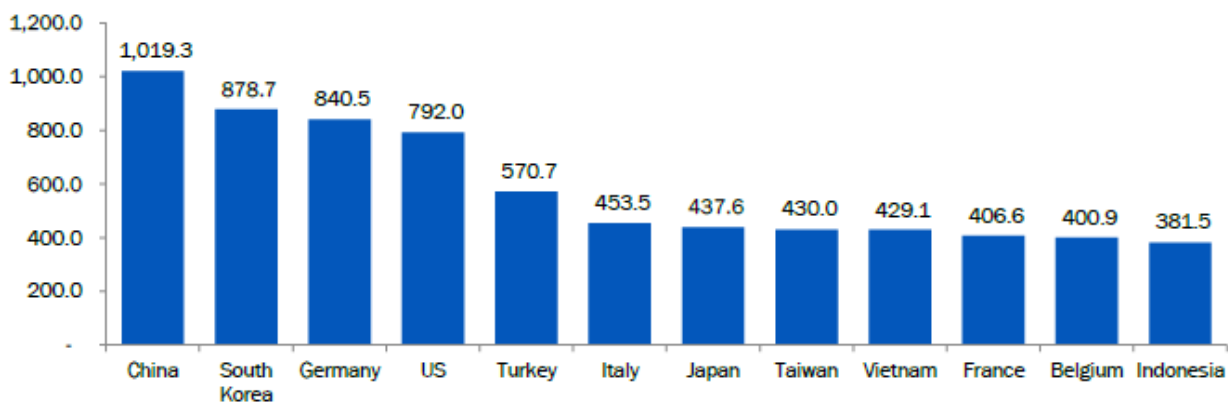
Sources: Trademap

Top exporting countries of Synthetic / Organic Colouring Matter in 2020 (volume in tons)



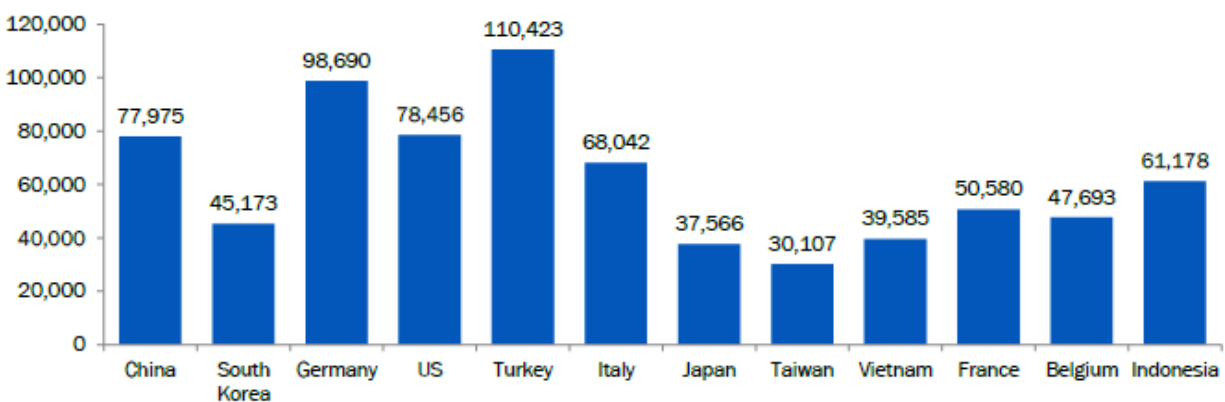
Sources: Trademap

Top importing countries of Synthetic / Organic Colouring Matter in 2020 (value in \$million)



Sources: Trademap

Top importing countries of Synthetic / Organic Colouring Matter in 2020 (volume in tons)



Sources: Trademap

INDIAN ARTIFICIAL / SYNTHETIC FOOD COLOUR MARKET - ANALYSIS

The India synthetic / artificial food colour market was valued at \$28.2 million in 2019, and is projected to reach \$40.7 million by 2027, registering a CAGR of 10.7% from 2020 to 2027. The meat products segment was the highest contributor to the market, with \$5.8 million in 2019, and is estimated to reach \$8.6 million by 2027, at a CAGR of 11.2% during the forecast period. The bakery & confectionary segment is estimated to reach \$6.1 million by 2027, at a CAGR of 12.4%. The meat products and beverage segments collectively accounted for around 37.0% market share in 2019.

India Synthetic / Artificial Food Colour Market Revenue, by Application, 2019–2027 (\$Million)

APPLICATION	2019	2020	2021	2022	2023	2024	2025	2026	2027	CAGR% (2020-2027)
Meat products	5.8	4.1	5.4	6.0	6.6	7.1	7.7	8.2	8.6	11.2%
Beverages	4.7	3.3	4.3	4.8	5.2	5.7	6.1	6.5	6.8	10.9%
Dairy	3.9	2.8	3.7	4.1	4.6	5.0	5.4	5.8	6.2	12.1%
Bakery & confectionary	3.7	2.7	3.6	4.0	4.5	4.9	5.3	5.7	6.1	12.4%
Processed food & vegetables	1.3	0.9	1.2	1.3	1.4	1.5	1.5	1.6	1.7	8.9%
Oils and fats	1.2	0.8	1.1	1.2	1.3	1.4	1.5	1.5	1.6	9.8%
others	7.6	5.3	6.9	7.5	8.0	8.5	9.0	9.4	9.7	9.0%
Total	28.2	20.0	26.2	28.9	31.5	34.0	36.4	38.7	40.7	10.7%

Source: Primary & Secondary Research and AMR Analysis

Note: Total number may differ due to rounding off the decimal places

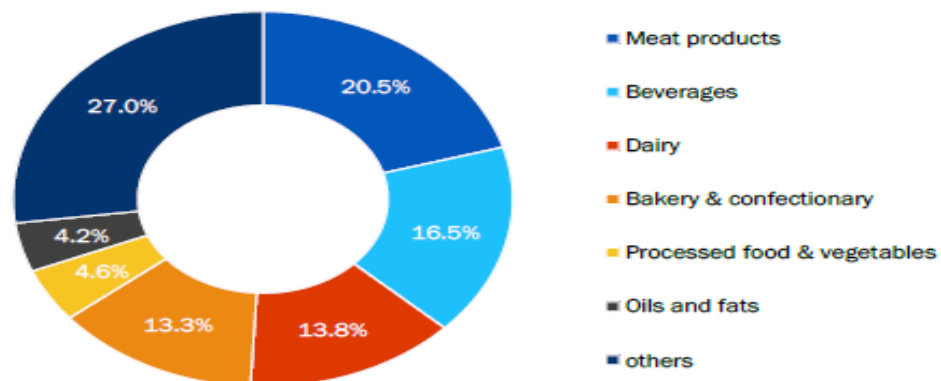
India Synthetic/Artificial Food Colour Market Volume, by Application, 2019–2027 (Tons)

APPLICATION	2019	2020	2021	2022	2023	2024	2025	2026	2027	CAGR% (2020-2027)
Meat products	855.2	498.9	630.5	699.1	764.8	830.1	894.9	958.7	1,016.1	10.7%
Beverages	709.8	412.5	519.3	573.6	625.2	675.9	726.0	774.8	818.1	10.3%
Dairy	580.8	341.2	434.2	484.9	534.2	583.9	634.0	684.0	730.1	11.5%
Bakery & confectionary	562.8	332.0	424.2	475.6	526.2	577.5	629.6	682.0	730.9	11.9%
Processed food & vegetables	162.9	93.0	115.1	124.9	133.7	142.1	149.9	157.2	163.1	8.3%
Oils and fats	131.6	74.7	92.0	99.3	105.8	111.8	117.4	122.5	126.4	7.8%
others	1,158.5	650.1	789.0	838.9	878.8	911.5	937.4	955.8	962.0	5.8%
Total	4,161.5	2,402.5	3,004.2	3,296.3	3,568.8	3,832.9	4,089.1	4,334.9	4,546.6	9.5%

Source: Primary & Secondary Research and AMR Analysis

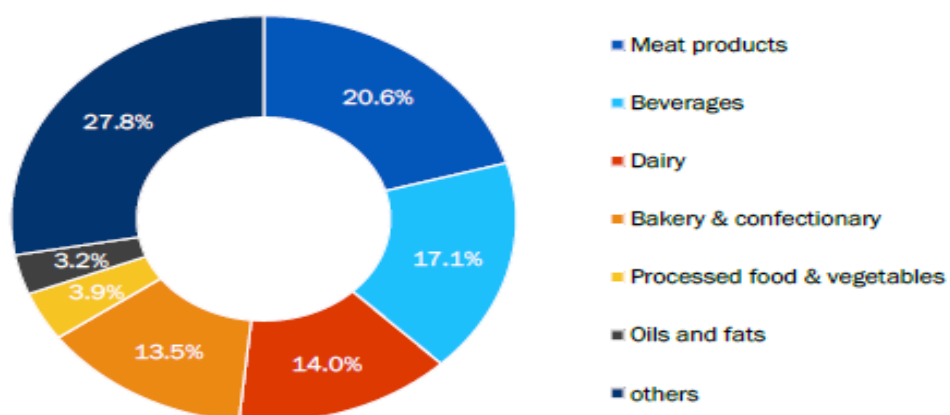
Note: Total number may differ due to rounding off the decimal places

India Synthetic / Artificial Food Colour Market Revenue Share, 2019, by Application



Source: Primary & Secondary Research and AMR Analysis

India Synthetic / Artificial Food Colour Market Volume Share, 2019, by Application



Source: Primary & Secondary Research and AMR Analysis

KEY INDUSTRY REGULATIONS

Synthetic food colour industry is a niche segment in the food colourant market with significant barriers to entry and due to current economies of scale and regulatory needs. The FDA certification, FSSAI (Food Safety Standards Authority of India) JECFA (Joint FAO/WHO Expert Committee on Food Additives) are required in order to manufacture and export the synthetic food colours products.

FDA has regulatory oversight for colour additives used in food, drugs, cosmetics, and medical devices. FDA conducts a certification program for batches of colour additives that are required to be certified before sale and monitors the use of colour additives in the products including product labelling.

Colouring and flavouring agents are extensively used food additives to attract consumers toward the product. In India, only those colours and flavours are permitted for use in food products, which have been approved by the Food Safety and Standards Authority of India (FSSAI). FSSAI has various standards for food colours and flavours, which have been listed in the Substances Added to Food of the Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011.

FSSAI has given a green signal to various colours as safe to be used in food, but they have to fulfil specific criteria to be used as a food additive. FSSAI has also listed standards for colours such as Tartrazine, Sunset Yellow, Indigo Carmine, Caramel, Annatto etc. Standards also exists for Synthetic Food Colour – Preparation and Mixtures.

INDIAN FOOD AND BEVERAGES SECTOR – WAY FORWARD

The Indian food and beverages industry is expected to witness huge growth in the coming years owing to increase in its contribution of exports food trade ever year, modern retail drives the growth, and increases international cuisines popularity among others.

According to various experts in the food and beverages industry, preferences for processed food will reflect the stage of development in the country's demand for processed food. For instance, in developed markets, the preferences are for more premium products such as niche dairy drinks and drinkable yogurt, among others, while in emerging countries, which are just witnessing growth in the processed food segment, categories such as juice and noodles are the most popular ones. India is also expected to follow the global trend over the next decade and some of the categories that are projected to witness rapid growth are breakfast cereals, baby food, juices, meat processed food, and bakery products, all of which have reached saturation in developed markets.

The food sector has emerged as a high-growth and high profit sector due to its immense potential for value addition, particularly within the food processing industry. The Government through the Ministry of Food Processing

Industries (MoFPI) is making all efforts to encourage investments in the business. It has approved proposals for joint ventures (JV), foreign collaborations, industrial licenses, and 100% export-oriented units.

According to data provided by the Department of Industrial Policies and Promotion (DIPP), the food processing sector in India received around USD 7.54 billion worth Foreign Direct Investment (FDI) during the period April 2000-March 2017. The Confederation of Indian Industry (CII) estimates that the food processing sectors have the potential to attract as much as USD33 billion of investment over the next 10 years and also to generate employment of nine million person-days.

Some of the major initiatives taken by the Government of India to improve the food processing sector in India are as follows:

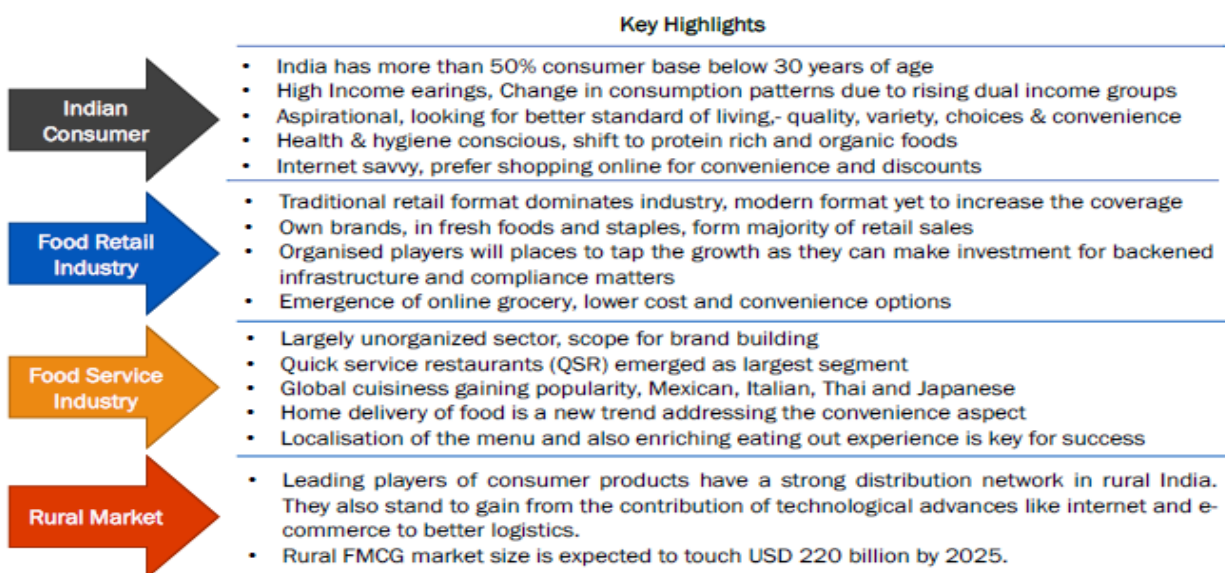
- The Government of India aims to boost growth in the food processing sector by leveraging reforms such as 100% Foreign direct investment (FDI) in marketing of food products and various incentives at central and state government level along with a strong focus on supply chain infrastructure.
- The Food Safety and Standards Authority of India (FSSAI) plans to invest around Rs 482 crore (USD 72.3 million) to strengthen the food testing infrastructure in India, by upgrading 59 existing food testing laboratories and setting up 62 new mobile testing labs across the country.

4Ps of marketing for Synthetic / Artificial Food Colour Industry in India



• Sources: AMR Analysis

Key highlights of Food and Beverages Sector in India



Sources: AMR Analysis

Consumer trends shaping Synthetic / Artificial Food Colour market



Sources: AMR Analysis

GLOBAL & INDIA FOOD COLOUR MARKET- KEY GROWTH DRIVERS AND OPPORTUNITIES

1. Increasing use of synthetic food colour in various applications

The number of end applications in the established market is experiencing continuous increase owing to the multi-offerings attributes of several synthetic ingredients which is anticipated to create growth opportunities. The market is becoming more fragmented, and emergence of new food-chain, food-giants, and organized food & beverages sector will proliferate the demand for synthetic food colour in the market. The manufacturers are intensively focusing on new product development and offerings in the range of the synthetic colours.

Furthermore, the presence of key players in the market encourages the colour manufactures and exporters to develop novel colour ingredients. The industry mostly utilizes this synthetic food colour in bakery & confectionery, dairy & frozen desserts, and beverages among others, which further assures high demand for the synthetic food colour in the market. However, synthetic has substantial share in the overall food colour industry, owing to its less expensive prices, shelf life of the products and widespread usage in various applications.

Moreover, the demand for synthetic food colour in convenience food continues to expand globally. In developed markets such as the U.S., the ready meals, soups, bakery products are gaining popularity among consumer, which results in higher demand for synthetic food colours. Thus, addition of synthetic food colour to existing products lines is one of the key strategies employed by the food colour manufacturers to maintain the market position in the developed economies. The key players in the industry are focusing on consumer-centric products at economical prices to achieve the market growth and sustainability. All the aforementioned factors are responsible for the growth of the synthetic food colour market.

2. Rapid growth of the food sectors drives the demand for synthetic food colour

Synthetic food colours are widely used in various food sectors such as bakery & confectionery products, meat, poultry, and seafood, oils & fats, and dairy products, among others. Synthetic food colours not only provide a decorative appearance but also improve the taste of food products which help maintain the quality. In addition, consumers are seeking quality and appearance products, which key players consider according to the consumer perception. Thus, low-cost synthetic colour has gained a major traction in the global market over natural colours.

Furthermore, higher reliability and longer shelf life of synthetic food colour as compared to natural colour has positively impacted the growth of the food sector as well as the synthetic food colour market. The rapid expansion of fast-food chains such as KFC, McDonalds, Subway, Burger King, and Taco Bell has had a significant influence in increasing consumption of processed meat food products. Moreover, the discounts and affordable meal packages offered by these fast-food chains significantly contributed to the growth of the processed meat food, which in turn, boost the growth of the synthetic food colour market.

3. Focus on improving quality and lessen production cost

Factors such as pH, water activity, and moisture content affect the quality of baked products, leading to deterioration and contamination, which affect the shelf life.

Synthetic food colourants surpass natural colourants due to their high colouring ability, various colour tone, homogeneous colour distribution, brightness, stability, and ease of application. With high water and oil dissolution properties, shelf life of the synthetic colourants is quite long.

Companies producing synthetic food colour are adopting various strategies to gain competitive edge in the market. Market leaders are trying to cater to the untapped market engaged in expanding in the unserved region. Beside these, maximizing the capacity of production, increase in efficiency, and penetration in the market are the focusing areas for manufacturers of food colour.

Moreover, the global synthetic/artificial food colour market is still at a nascent stage. Very few numbers of companies are operating in this market as of now. Companies are experimenting with different varieties of synthetic food colour products and are trying to improve the production of synthetic food colour products and shelf life with the help of technology. A rise in the number of companies operating in the production of synthetic food colour will be witnessed in the coming years, thereby, increasing the competition.

4. Rising consumer demand for appealing food

In India, the situation with synthetic food colours is evolving. The authorities have revised the regulatory provisions and made the laws pertaining to the use of synthetic food colours more stringent due to the widespread prevalence of fraudulent practices such as the use of unpermitted colours or the misuse of permitted colours, as well as the inherent toxicity of these dyes. Data on dietary intake of food colours must be generated urgently in the country to achieve the goal of lowering total exposure to colours. Meanwhile, as food manufacturers add colour to improve the appearance and appeal of their products, customers can help to reduce their exposure to food colours by demanding food that are devoid of artificial colour.

Due to present economies of scale and regulatory requirements, the synthetic F&B colourant sector is a niche segment with considerable entry obstacles. The industry is oligopolistic since the top five corporations have such a strong hold on technological know-how, quality control, and market share. The market participation has been limited to a few manufacturers due to the need to provide a palette of colour solutions and meet various regional regulatory standards.

Rather than crude-based raw materials, the industry was concerned about the supply and availability of dyes and colour intermediates. Basic chemicals such as toluene, benzene, and naphthalene have a minor cost and supply influence. The impact of the environmental crackdown on dye and dye intermediate supplies was the primary reason of price increases. Food dyes, on the other hand, have the smallest influence when compared to other dyes.

Thus, the market for food colourants in India is dominated by synthetic food colours. The country's consumers choose to consume low-cost food products, which leads to increased use of synthetic colours in the processed food business, as food colour plays an important role in boosting aesthetic appeal and hunger. Food colours in various food are permitted by the FSSAI, an Indian regulatory authority. Synthetic hues including tartrazine, sunset yellow, quinoline yellow, indigo carmine, and amaranth are commonly utilized in the market.

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read section titled “Risk Factors” on page 20, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 82 and 86, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Consolidated Financial Statements and Limited Review Consolidated Financial Statements.

OVERVIEW

We are engaged in the business of manufacturing and sale of different grades of food colours, lake colours, blended or preparation colours, salt free colours, D&C colours, etc. (collectively known as ‘**Food Colours**’) and dye intermediates. Our Food Colours are used for various applications including food & beverages, confectionary, pharmaceuticals, feeds, cosmetics, homecare, personal care, inkjet inks etc. Our Food Colours are used as additives to either enhance the original colours associated with the products which otherwise fade or disappear due to light, air, temperature and moisture or to provide a colorful identity to products. With increasing consumer awareness towards safety and quality in the products they use, Food Colours are also used in products like toys, stationary, toiletry products, food ink, tattoo ink, etc. instead of industrial dyes. Our Food Colours are sold in powder and granular forms to our customers.

Our dye intermediates are used to produce dyes such as reactive dyes, acid dyes, disperse dyes, ramazole dyes, etc. as well as pigments, which have various applications in textile, leather, paper, plastic industries, etc.

We operate three manufacturing units in Gujarat, out of which, Unit I and Unit II are situated at GIDC, Ankleshwar and Unit III is situated at Dahej Industrial Estate, Bharuch (Unit I, Unit II and Unit III are together known as “**manufacturing units**”). Unit I is primarily engaged in manufacturing of food colours and dye intermediates and Unit II is engaged in manufacturing of food colours, lake colours and D&C colours which caters to the domestic and international customers such as manufacturers, merchants, distributors and exporters. In Fiscal 2022, we have commenced commercial production of food colours and dye intermediates at our newly setup Unit III. Dye intermediates produced at our Unit III are consumed captively to manufacture our food colours and also being sold to our domestic and international customers.

Our manufacturing facilities are strategically located in close proximity to the Hazira port. Our manufacturing units located at GIDC, Ankleshwar are FSSC 22000, ISO 9001 :2015, ISO 14001, WHO GMP certified and products of our Company carry Halal & Kosher certification.

We sell our products to our customers situated in India as well as overseas. Our customer base is spread across more than 50 countries which includes countries like USA, Brazil, Argentina, Colombia, U.K., France, Italy, Spain, Saudi Arabia, China, Japan, South Korea, Russia etc. We sell our products directly to our customers which include merchants, distributors, exporters and manufacturers of food, cosmetic, pharmaceutical products etc. During the Fiscal 2020 and Fiscal 2021, and nine-months period ended December 31, 2021, exports of our products accounted for 59.00%, 66.65% and 69.74%, of our revenue from operations, respectively.

We invest in Research and Development (R&D) activities with the primary objective to improve the quality of our products, enhance their chemical properties, develop new colours and products, and explore new applications to cater to new customer requirements. Our in-house R&D divisions are located at Unit I and Unit III.

We have a quality control and assurance division (‘Quality Division’) at all our manufacturing units which carries out required tests on input raw materials prior to production, at various stages of our manufacturing process as well

as our final manufactured products. This process is adopted to ensure that the quality is built throughout our production process, including materials used in our production process.

Our Company is promoted by Bhagwandas Kalidas Patel, Rameshkumar Bhagwandas Patel who each have more than 30 years of experience and Dixit Bhagwandas Patel who has more than 10 years of experience in Food Colours and dyes intermediates industry and have established strong business relationships with domestic as well as overseas customers. In addition, we are led by a well – qualified and experienced management team, which we believe has demonstrated its ability to manage and grow our operations and has substantial experience in the sectors in which we operate. We believe that the knowledge and experience of our management team provides us with a significant competitive advantage as we aim to grow and expand our business.

Our financial performance

In the Fiscal 2020, Fiscal 2021, and for nine months period ended December 31, 2021, our consolidated total revenue was ₹18,318.19 Lakhs, ₹20,619.61 Lakhs and ₹18,025.73 Lakhs, respectively. Our consolidated profit after tax in Fiscal 2020, Fiscal 2021 and for nine months period ended December 31, 2021, was ₹2,417.14 Lakhs, ₹2,849.41 Lakhs and ₹1,901.96 Lakhs, respectively. Our consolidated total revenue and consolidated profit after tax has increased by 12.56% and 17.88% in Fiscal 2021 as compared to Fiscal 2020, respectively. Our consolidated EBITDA was ₹3,711.43 Lakhs, ₹4,401.06 Lakhs and ₹3,358.72 Lakhs for Fiscal 2020, Fiscal 2021 and for nine months period ended December 31, 2021, respectively. As on December 31, 2021, our total debt-to-equity ratio on consolidated basis was 0.94. Further, in the Fiscals ended 2020 and 2021, and in the nine months period ended December 31, 2021, our ROCE was 16.05%, 16.03%, and 10.67%, respectively. In the Fiscals ended 2020 and 2021, and in the nine months period ended December 31, 2021, our ROE was 18.88%, 18.22% and 10.84% respectively.

Our financial performance, on consolidated basis, for the nine months period ended on December 31, 2021 and December 31, 2020 and for the Fiscal 2021 and Fiscal 2020 are summarized below:

(in ₹ lakhs)

Particulars	Nine months ended on December 31, 2021*	Nine months ended on December 31, 2020*	Fiscal 2021 (Audited)	Fiscal 2020 (Audited)
Revenue from operations	18,015.11	14,794.92	20,558.56	18,226.97
EBITDA	3,358.72	3,404.50	4,401.06	3,711.43
Net Profit after Tax (before OCI)	1,901.96	2,270.19	2,849.41	2,417.14

*Limited Review Unaudited Consolidated Financial Statements.

OUR STRENGTHS

1. Robust manufacturing facilities with backward integration of key manufacturing raw materials – Dye Intermediates

Dyes are any substance, both natural and synthetic, which are used to colour various materials, and have wide industrial applications. Dye intermediates are petroleum downstream products, which are further processed for applications in varied products. On processing of dye intermediates, they are transformed to finished dyes and pigments serving various industries like textiles, leather, paper, plastics, printing inks and foodstuffs. Dye intermediates also act as key raw materials in the production of Food Colours.

We believe that our manufacturing capacity, experienced management, global footprint, and high-quality products makes us a reliable supplier of Food Colours and dye intermediates which are used in the manufacturing of such Food Colours. Hence, in order to ensure consistent quality, uninterrupted supply and stable pricing, we have commenced manufacturing of dye intermediates in our Unit III located at Dahej Industrial Estate, Bharuch during Fiscal 2022. By establishing a backwardly integrated production facility of dye intermediates, we aim to optimize our supply chain, ensure consistent quality of inputs, reduce cost of production and enhance gross margins for our products.

Further, our manufacturing facilities employ various modern machinery and equipment, including Reactors, Tray Dryer, Spray Dryer, Rotary Vacuum Pad Dryer ('RVPD'), Spin Flash Dryer, Boilers, Pulveriser, Flacker Machine, Heat Exchanger, Assembly Lines, Filter Press and Centrifuges. These equipments enable our manufacturing facilities to undertake various processes, such as diazotization reaction, coupling reaction, separation, hydrogenation, sulphonation, filtering, drying, acidification, laking, condensation, etc which helps us to ensure our products meet stringent domestic and international quality norms.

2. Diverse product portfolio of Food Colours catering to a variety of industry verticals

We supply Food Colours which are water soluble and water insoluble as well as in different forms such as powder and granular forms. Our diverse product portfolio of Food Colours, enables us to cater to a variety of industries which include food & beverages, confectionary, pharmaceuticals, feeds, cosmetics, homecare, personal care etc. We produce, market and sell these Food Colours based on specific requirement of our customers across industries adhering to the quality standards required and end use of our products. Based on the delivery of our products and solutions, suiting the quality requirements and specifications of our customers over the years, we have developed long-term relationships with our key customers. Our R&D Divisions conduct various application tests which help us meet the requirements of our customers, enabling us to forecast, plan and manufacture our products accordingly.

3. Established market presence in food and lake colour segment

We specialize in manufacturing of food colour, lake colour and dye intermediates, besides other value-added products like blended or preparation colours, salt free colours and D&C colour with an experience of over 30 years. Accordingly, we believe, we enjoy the trust and confidence of our customers – both domestic and overseas, many of whom are our repeat customers which demonstrates our ability to satisfy the requirements of our customers and develop long-standing relationships. Further, our backward integration into manufacturing of key raw materials (dye intermediates) will further strengthened our market presence and ability to serve our customers by ensuring consistency in the quality of our products, reduce dependence on external suppliers and increase our competitiveness in the market. In addition to domestic customers, we have also supplied our products to customers based in more than 50 countries, which includes USA, Brazil, Argentina, Colombia, U.K., France, Italy, Spain, Saudi Arabia, China, Japan, South Korea, Russia etc. During the Fiscal 2020, Fiscal 2021 and nine-months period ended December 31, 2021, exports of products accounted for 59.00%, 66.65% and 69.74% of our revenue from operations, respectively.

4. Extensive experience of our Promoters and management team

Our Promoters, the Board of Directors and the management team of our Company have extensive experience in the colours and dye intermediates industry. Our founder and managing director, Bhagwandas Kalidas Patel has been on the Board since inception of the Company and has more than 30 years of industrial experience with a deep understanding of the industry in which we operate. Further, our Company is managed by a team of experienced personnel having operational and business development experience. We believe that the ability of our management team enables us to take advantage of both current and future market opportunities and helps us in addressing and mitigating various risks inherent in our business, including significant competition, global market movements, fluctuations in prices of key raw material and disruption in supply chain across the industry.

OUR STRATEGIES

1. Achieve operational efficiency

We continue to invest in operational excellence throughout the organization. We are addressing operational excellence through continuous process improvement, customer service and technology modernisation. Our plants are certified in various international quality standards such as FSSC 22000 (Food Safety System Certified) ISO 9001:2015, ISO 14001 (Environment Management System) and WHO GMP for quality management systems. We impart on the job guidance to our manpower to upgrade their skills, thereby improving their efficiency with the objective of ensuring quality of our products and solutions. Production systems of our Company include quality control checks at various stages of manufacturing, efficient quality control system, timely calibrated equipment & methods and continuous training & skill upgradation of all personnel. Our manufacturing facilities are designed to

handle high pressure & high temperature reactions. Products manufactured by our company meet the regulatory requirement of FSSAI, EU, FDA & WHO Specification, and also carry Halal & Kosher certified.

2. Strengthening our global presence

During the Fiscal 2020 and Fiscal 2021 and nine-months period ended December 31, 2021, exports of products accounted for 59.00%, 66.65% and 69.74%, of our revenue from operations, respectively. We have established relationships with customers across key international markets such as USA, Brazil, Argentina, Colombia, U.K., France, Italy, Spain, Saudi Arabia, China, Japan, South Korea, Russia etc. Through a combination of increased capacities, wide range of products adhering to global standards, marketing initiatives, competitive pricing and more efficient use of resources, we intend to strengthen our global presence and become a key supplier to our international customers. For enhancing our reach in new geographies, we propose to acquire new customers as well as market our products through various means across key markets.

3. Leverage our position to capitalise on industry opportunities

On account of various geopolitical developments in recent past, supply chain across the globe has been severely disrupted. These changing dynamics have resulted in increasing operating costs, shrinking of profit margins and operational challenges for the companies which are highly dependent on sourcing of key raw material from foreign countries. Due to implementation of backward integration process and production of key raw materials, being dye intermediates, in-house, our Company is well positioned to withstand and manoeuvre such geopolitical developments and capitalize on new business opportunities.

LOCATION OF OUR BUSINESS

1. Registered Office

Our Registered Office is located at B-301, Satyamev Complex-1, Gandhinagar - Sarkhej Highway Road, Opp. New Gujarat High Court, Sola, Ahmedabad - 380063, Gujarat India. The premises on which our registered office is situated is a free hold property owned by our Company.

2. Manufacturing Facilities

Our Company has three manufacturing facilities, which are located at below mentioned addresses:

Sr. No.	Address	Description	Purpose for which the facility is utilised	Property type
1.	Plot Nos. 6401, 6402, 6415, 6416, 6400, 6400/1 GIDC Estate, Ankleshwar – 393002, Gujarat India	Unit - I	Manufacturing of dye intermediates and food colours	Leased ¹
2.	Plot Nos. 3709/6, 3710/1, 3710/3, GIDC Estate, Ankleshwar - 393002, Gujarat India	Unit - II	Manufacturing of food colours, lake colours and D&C colours	Leased [*]
3.	Plot Nos. D/3/3/1, Dahej-III Industrial Estate, Tal: Vagra, Dist: Bharuch, Gujarat India	Unit - III	Manufacturing of dye intermediates and food colours	Leased [^]

¹The lease is taken from Gujarat Industrial Development Corporation, a corporation constituted under the Gujarat Industrial Development Act, 1962 for a period of 99 years.

^{*}The lease is taken from Gujarat Industrial Development Corporation, a corporation constituted under the Gujarat Industrial Development Act, 1962 for a period of 99 years.

[^]The lease is taken from Gujarat Industrial Development Corporation, a corporation constituted under the Gujarat Industrial Development Act, 1962 for a period of 99 years.

The power requirements for all our manufacturing units are met from Dakshin Gujarat Vij Company Limited ('**DGVCL**'). Further, we have installed DG Sets in all our manufacturing units. For Unit I and Unit II, the gas requirement is met from Gujarat Gas Limited ('**GGL**'). Further, for Unit I and Unit II, industrial water for consumption in manufacturing process is supplied by GIDC, Ankleshwar and for Unit III by GIDC, Dahej. We have installed an Effluent Treatment Plant ('**ETP**') in all our manufacturing units which treats effluent generated through

the manufacturing process. After primary treatment is carried out in our ETP, such processed effluent is provided to approved external agencies for further processing and disposal.

EXISTING CAPACITY

Our manufacturing units include various machinery for different processes like diazotization reaction, coupling reaction, separation, hydrogeneration, sulphonation, filtering, drying, acidification, laking, condensation, etc. Details of the existing capacity of products are given below:

(Qty in MT, except for ratios)

Type	For the nine months period ended December 31, 2021			For the year ended March 31, 2021			For the year ended March 31, 2020		
	Installed	Utilised	Utilisation (%)	Installed	Utilised	Utilisation (%)	Installed	Utilised	Utilisation (%)
Unit I	4,365	3,233	74.07%	5,820	4,613	79.26%	5,820	4,433	76.17%
Food Colour	1,080	1,153	106.76%	1,440	1,310	90.97%	1,440	1,231	85.49%
Dye Intermediates	3,285	2,080	63.32%	4,380	3,303	75.41%	4,380	3,202	73.11%
Unit II	1,440	1,210	84.03%	1,920	1,785	92.97%	1,920	1,485	77.34%
Food Colour	1,260	1,024	81.27%	1,680	1,646	97.98%	1,680	1,364	81.19%
Lake Colour	180	186	103.33%	240	139	57.92%	240	121	50.42%
Unit III*	11,178	350	3.13%	-	-	-	-	-	-
Food Colour	2,070	79	3.82%	-	-	-	-	-	-
Dye Intermediates	9,108	271	2.98%	-	-	-	-	-	-
Total	16,983	4,793	28.22%	7,740	6,398	82.66%	7,740	5,918	76.46%

* Unit III commenced commercial operations in Fiscal 2022

PRODUCTS MANUFACTURED

Our Company is engaged in the business of manufacturing of Food Colours as well as dye intermediates. Our Food Colour includes products like Tartrazine, Sunset Yellow, Carmoisine, Ponceau 4R, Amaranth, Allura Red, Brilliant Blue FCF, Indigo Carmine, Chocolate Brown HT, Quinoline Yellow, Green S, Patent Blue V, Black PN, Erythrosine etc and our dye intermediates includes products like 1:4 SPCP, 1:4 SPMP, 1:3 SPMP, Sulphanilic Acid, Alpha Naphthyl Amine, Sodium Naphthionate, Schaeffer's Acid, Para Cersidine, Ethyl Benzyl Aniline (EBA), etc.

The different types of Food Colours and dye intermediates manufactured by our Company and their uses are listed below:

Products	Applications
Food Colour	Soft drinks & beverages, pickles, sauces & seasonings, cheese, jams & jellies dessert edible ices & confectionery, alcoholic & non-alcoholic drinks etc.
Lake Colour	Pharmaceutical products, cosmetic & personal care products, spice compounds, dairy products etc.
FD&C Colour	food, drugs and cosmetic products
Salt Free Dyes	Cartridge ink, roller ball point ink, etc.
D&C Colours	Liquid soap, bath soap, toilet cleaner, liquid dish washer, capsules, syrups, deodorants, shampoos, hair oil, skin creams, glass cleaner, detergents, etc.
Dyes Intermediates	Food colours, reactive dyes, metal complex dyes, acid dyes, ramazole dyes, direct dyes

MANUFACTURING PROCESS

- For food colours

Food colours are basically synthetic organic dyes, which are manufactured by various chemical reactions. In the first step, diazotization reaction is carried out in a reactor with specific raw material for each particular product maintaining temperature & pH at certain required level. In the next step, coupling reaction is carried with diazotized mass where key process and parameters are continuously monitored and controlled to achieve a better-quality product. The coupled mass is then filtered off to remove impurities with suitable filter media. The filtrate received is isolated by addition of salt. The isolated mass is then filtered through filter press. The filtered mass is collected & is sent for centrifuging. After centrifugation, the wet cake is collected & sent for drying. Drying is done by different type of drying system like SFD/Spray Drier/Tray Dryer. The centrifuged mass is dried and pulverized with Air Classifier Mill (ACM). The dried powder / granular product received is then packed in the high-density polyethylene (HDPE) Drum with low-density polyethylene (LDPE) plastic liner inside and is stored in the warehouse.

- For lake colours

Lake colours are produced by laking of food colours. The calculated quantity of food colour and water are taken in a reactor & solution is prepared. This solution is then acidified using appropriate acid & then laking is carried out using aluminium chloride. The laked solution prepared is then isolated by adjusting the pH of solution to required alkaline level. The isolated mass is filtered through a filter press. The filtered mass is collected and then sent to the centrifugal process. After centrifugation, the mass is collected and sent for drying. Drying is done by different kind of drying systems like SFD/Spray Drier/Tray Dryer. The centrifuged mass is then dried, and dried powder (product) is received. The dried powder / Granular product received is then packed in the HDPE Drum with LDPE plastic liner inside & is stored in the warehouse.

- For Blended or Preparation Colour

Blended colours, which are also known as preparation colours, are produced by mixing of two or more primary food or lake colours.

- For Dye Intermediates

In the first step, appropriate naphthol / naphthalene is such as beta naphthol, alpha naphthalene amine, naphthalene etc are sulfonated and reacted with sulfuric acid or oleum and respective sulfonated products are received. In next step, sulfonated product is nitrated with nitric acid and respective nitro products are obtained. Remain by-product such as diluted nitric acid is reused directly or after its concentration. The nitro product obtained is further reduced by ordinary acid and metal reduction or by hydrogenation and respective amines are produced. Respective amines are hydrolyzed / fused with alkali / acid and hydrolyzed product is isolated / precipitated by acid and it is filtered through press / nutches and centrifuged. Wet material is then dried and packed or hydrogenated mass are washed. In next step, solvent products are distilled out under high vacuum and collect as finished products. Then, as per requirements, flakes will be made or packed in required packing. Products received other than distillation system mass are filter off in filter nutch and centrifuge and drying in drier like spin flash drier or fluidized bed drier. In the next step, appropriate benzene derivatives products are hydrolysed and reduction with cip and acid such as 2.5-DCNB converted to 4-CAP. Other products such as para cresol are nitrated and methoxylation is carried out followed by hydrogenation and high vacuum distillation. After the said process, products are distilled out and collect as finished products. Then, as per requirements, flakes will be made or packed in required packing as Para cresidine. Then pare cresidine is sulphonated, dumping the mass in water are filter off in filter nutch and centrifuge and drying in drier like spin flash drier to get para cresidine sulphonic acid. Dried materials are then pack as finished products.

RAW MATERIALS

The primary raw materials for food colours and dye intermediates includes Beta Naphthol, Sodium Nitrate, Soda Ash, Nitric Acid, Sulphuric Acid, Resorcinol, Sodium Naphthalene, Iodine, G-Salt, Caustic Soda, Aniline, Hydrochloric Acid etc. All these raw materials are procured locally as well as imported from international markets.

Our total cost of raw materials as percentage of total expenditure was 64.64%, 59.15% and 62.31% in Fiscal 2020, Fiscal 2021 and nine months period ended December 31, 2021, respectively.

LOGISTICS

We have arrangements with local transport companies for transportation of our products and raw materials. The operators providing transportation services to our Company are located within close proximity to our manufacturing units.

OUR CUSTOMERS


We market and sell our products to various industries such as food & beverages, confectionary, pharmaceuticals, feeds, cosmetics, homecare, personal care etc. in domestic as well as international markets such as USA, Brazil, Argentina, Colombia, U.K., France, Italy, Spain, Saudi Arabia, China, Japan, South Korea, Russia etc. We have an in-house team responsible for the marketing, distribution and sales of our products across the markets to operate in. We maintain direct contact with majority of our customers, which allows us to understand the current needs of our customers and gauge their future requirements.

HUMAN RESOURCES

As on March 31, 2022, we have 340 permanent employees and 366 contractual workers. We undertake selective and need-based recruitment to maintain the size of our workforce. The following table provides information about our permanent employees, as on March 31, 2022:

Designation	No. of employees
Senior management (assistant general manager and above)	8
Middle management (officer to senior manager)	49
Staff and workmen	283
Total	340

INTELLECTUAL PROPERTY

The trademark of our Company  is registered with the Registrar of Trademarks, Government of India under Class 1.

We have one trademark which is currently operational in India, for which we have obtained registration certificate dated November 09, 2015 under the Trademarks Act, 1999. Further, we have also made application bearing No. 5323530 for additional operational trademark seeking registration under the Trademarks Act 1999, which is currently pending for registration before the Registrar of Trademarks, Government of India.

COMPETITION

The industry in which we operate is highly competitive. The organized players in the industry compete with each other by providing high-quality value-added products. We believe the principal elements of competition in Food Colours and dye intermediates industry are price, consistent quality of material supplied, timely delivery and reliability. We compete against our competitors by leveraging our goodwill and establishing ourselves as a manufacturer of quality materials.

SALES, MARKETING AND DISTRIBUTION

Our marketing efforts are driven by consistent efforts of our Promoters and senior management team who look into the marketing, distribution and sales of our products. We maintain direct contact with majority of our customers, which allows us to understand the current needs of our customers and gauge their future requirements. We participate in various domestic and international exhibitions and trade fairs to expand our reach to new markets and

acquire potential customers. We also physically visit the premises of customers on case-to-case basis to present our products and demonstrate our capabilities to fulfil the specific requirements of our customers.

QUALITY CONTROL AND QUALITY ASSURANCE

Our Food Colours are used and have applications across various types of products which results into direct human consumption. Hence, adherence to quality standards is a critical factor and our utmost focus is to ensure and maintain the quality of our products. To ensure the same, we have a team of chemist and experienced individuals in manufacturing of various dyes intermediates and chemicals who are dedicated to quality assurance and the quality control function. We have established quality control labs across all our manufacturing units which are equipped with required instruments to conduct necessary quality checks. In order to adhere to the quality standards, the quality control team is tasked not only with thorough pre-production checks but also with employing an extensive and stringent quality control mechanism at various stage of the manufacturing process including raw materials, packing material, in-process products and finished products. The final product is cleared for dispatch only after the team tests a sample of the batch against customer specification / in-house specifications.

ENVIRONMENT, HEALTH AND SAFETY

We have implemented work safety measures across the company to ensure a safe working environment including general guidelines for health and safety and maintaining clean and orderly work locations. Further, various environmental safety requirements imposed by central as well as state government shall continue to have material effect on our operations.

We have installed ETP in all manufacturing units which treats effluent generated through the manufacturing process. After primary treatment carried out in our ETP, such effluent is provided to approved external agencies for further process and disposal.

Our manufacturing facilities are in close proximity to various Occupational Health Centre (OHC) and hospitals that enable us to tackle any health-related emergency occurring in our manufacturing units.

INSURANCE

Our Company maintains adequate insurance policies for the key assets of the Company which cover all normal risks associated with operations of our business. We have obtained a fire industrial all risk policy for all of our manufacturing facilities. We have obtained a standard fire and special perils insurance policy, public liability (industrial risk) insurance policy, director and officers' liability policy, marine cargo open policy, and a public liability insurance policy. These insurance policies are reviewed periodically to ensure that the coverage is adequate. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurances. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we 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.

CORPORATE SOCIAL RESPONSIBILITY

Our Company has constituted a Corporate Social Responsibility Committee comprising of our Directors, Bhagwandas Patel, Jagdishbhai Shah and Rashmi Otavani as its members. We have also formulated a CSR policy to govern our CSR initiatives. For the Fiscal 2020 and Fiscal 2021, we have spent ₹51.00 lakhs and ₹56.00 lakhs, respectively, on our CSR initiatives. The CSR activities undertaken by our Company include areas such as healthcare, promotion of education, conservation of natural resources and eradicating hunger and poverty.

OUR MANAGEMENT

Board of Directors

As per the Articles of Association, our Company is required to have not less than 3 (three) and not more than 12 (twelve) Directors on our Board of Directors.

Currently, our Company has 6 (six) Directors on our Board, comprising of 1 (one) Managing Directors, 2 (two) Whole-time Directors, and 3 (three) Independent Directors including 1 (one) woman Director. The composition of the Board of Directors is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

The following table sets forth certain details regarding the Board of Directors as on date of this Letter of Offer:

Sr. No.	Name, Address, Designation, Occupation, DIN, Current Term, Period of Directorship and Date of birth	Age (years)	Other Directorships
1.	Bhagwandas Kalidas Patel Designation: Managing Director Current Term: For a period of 5 years from September 01, 2020 to August 31, 2025 Period of Directorship: Since Incorporation Occupation: Industrialist Date of Birth: June 01, 1955 DIN: 00045845 Address: A-20, Divine Highland, JBR Cross Road, Science City Road, Sola, Ahmedabad, Gujarat – 380 060.	66	(i) Cerecon Bio-Sciences Private Limited (ii) DBK Chemtech Private Limited
2.	Dixit Bhagwandas Patel Designation: Whole Time Director Current Term: For a period of 5 years from January 01, 2018 to December 31, 2022 Period of Directorship: Since January 01, 2003 Occupation: Industrialist Date of Birth: February 08, 1981 DIN: 00045883 Address: A-20, Divine Highland, Science City Road, JBR Cross Road, Sola, Ahmedabad, Gujarat – 380 060.	41	(i) Cerecon Bio-Sciences Private Limited (ii) Dymemic Holdings Private Limited (iii) DBK Chemtech Private Limited

Sr. No.	Name, Address, Designation, Occupation, DIN, Current Term, Period of Directorship and Date of birth	Age (years)	Other Directorships
3.	Rameshkumar Bhagwandas Patel Designation: Whole-Time Director Current Term: For a period of 5 years from September 01, 2020 to August 31, 2025 Period of Directorship: Since Incorporation Occupation: Industrialist Date of Birth: April 25, 1964 DIN: 00037568 Address: Plot No. 406/24, Sardar Patel Society, Nr. Lions School, G.I.D.C., Ankleshwar, Bharuch, Gujarat – 393 001.	57	(i) Cerecon Bio-Sciences Private Limited (ii) Ratnamani Bio-Chemicals and Pharmaceuticals Private Limited
4.	Jagdish Sevantilal Shah Designation: Independent Director Current Term: For a period of 5 years from April 01, 2019 to March 31, 2024 Period of Directorship: Since June 7, 2004 Occupation: Professional Date of Birth: June 01, 1956, DIN: 00037826 Address: 5, Poojan Appartment, Swastik Society, Navrangpura, Opp. Kalash Tower, Ahmadabad City, Ahmadabad, Gujarat - 380 009.	65	Nil
5.	Rashmi Kamlesh Otavani Designation: Independent Director Current Term: For a period of 5 years from September 25, 2020 to September 24, 2025 Period of Directorship: Since February 14, 2015 Occupation: Professional Date of Birth: October 06, 1980	41	(i) Golf Ceramics Limited (ii) Shree Ram Protein Limited (iii) United Polyfab Gujarat Limited (iv) Aristo Bio-Tech and Lifescience Limited

Sr. No.	Name, Address, Designation, Occupation, DIN, Current Term, Period of Directorship and Date of birth	Age (years)	Other Directorships
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DIN: 06976600

Address: C-102, Kailashraj Hights,
Ravidarshan Road, Opp. Radhe Bunglows,
Kubernagar, Ahmedabad, Gujarat - 382 340.

6.	Shankarlal Baluram Mundra	61	Nil
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Designation: Independent Director

Current Term: For a period of 5 years
from April 01,2019 to March 31, 2024

Period of Directorship: Since September
29, 2005

Occupation: Professional

Date of Birth: November 01, 1960

DIN: 00388204

Address: 9/B, Dariyapur Patel Society-1,
Opp. Aroma School, Usmanpura,
Ahmedabad, Gujarat – 380 013.

Confirmations

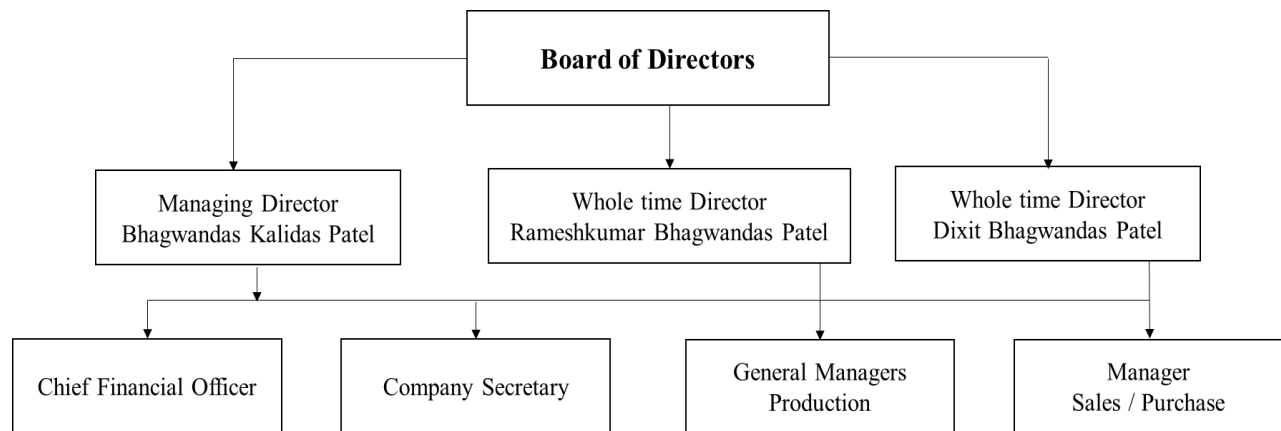
None of Directors is or was a director of any listed Company during the last 5 (five) years immediately preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any of the Stock Exchanges, during the term of their directorship in such company.

None of our Directors is or was director of any listed company which has been or was delisted from any of the Stock Exchanges, during the term of their directorship in such company, in the last 10 (ten) years immediately preceding the date of filing of this Letter of Offer.

Our Key Management Personnel

Sr. No.	Name of Key Management Personnel	Designation	Associated with company since
1.	Bhagwadas Kalidas Patel	Managing Director	June 14, 1990
2.	Dixit Bhagwandas Patel	Whole-time Director	January 01, 2008
3.	Rameshkumar Bhagwandas Patel	Whole-time Director	June 14, 1990
4.	Amisha Patel	Chief Financial Officer	May 29, 2014
5.	Varsha Mehta	Whole-Time Company Secretary	March 02, 2010

Current Organisational Structure



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	Limited Review Unaudited Consolidated Financial Statements for the nine-month period ended December 31, 2021	F1-F4
2.	Audited Consolidated Financial Statements as at and for the year March 31, 2021	F5-F63

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Independent Auditors' report on review of standalone unaudited financial results of Dynamic Products Limited pursuant to Regulation 33 of the SEBI (Listing and Obligation Disclosure Requirements) Regulations, 2015

To,
**The Board of Directors of
Dynamic Products Limited**

We have reviewed the accompanying statement of standalone unaudited financial results of Dynamic Products Limited ('the Company') for the quarter ended **31st December, 2021** ('the Statement'). This statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For, ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS



(RAVINDRA MEHTA)

Partner

M.No. 43051

FRN: 118775W

UDIN: 22043051ABIABD4022

Date: 11/02/2022
Place: Ahmedabad

Independent Auditor's review report on review of consolidated unaudited quarterly financial results of the Company pursuant to regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors of
Dynemic Products Limited

We have reviewed the accompanying statement of consolidated unaudited financial results of Dynemic Products Limited ('the Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group') for the quarter ended **31st December, 2021** ('the Statement'), being submitted by the Parent pursuant to the requirements of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

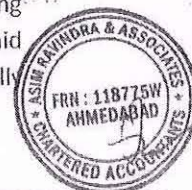
This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), as prescribed under section 133 of Companies Act, 2013 ('the Act'), and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

The Statement includes the results of erstwhile Dynamic Overseas (India) Private Limited name changed to Cerecon Bio Sciences Private Limited w.e.f. 30.09.2019 (the "Subsidiary") and Dynemic Holdings Private Limited (the "Associate").

Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of



regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

We did not review the financial statements of 1 subsidiary and 1 associate included in the consolidated financial results, whose interim financial information/financial results reflect total revenue of Rs.(0.81) Lakhs, total net Loss after tax of Rs 0.78 Lakhs and total comprehensive income of Rs.0.00 Lakhs for the quarter ended December 31, 2021, as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also include the Group's share of net profit/(loss) after tax of Rs.(0.00)Lakhs for the quarter ended December 31,2021, as considered in the consolidated unaudited financial results, in respect of one associate, whose interim financial information/financial results have not been. Reviewed by us. These interim financial statements have not been reviewed by their auditor and have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate is based solely on the unaudited interim financial results/statements and other financial information. Our opinion is not modified in respect of this matter with respect to our reliance on the unaudited interim financial results/statements and other financial information certified by the Management.

Date: 11/02/2022
Place: Ahmadabad



For, ASIM RAVINDRA& ASSOCIATES
CHARTERED ACCOUNTANTS

A handwritten signature in black ink, appearing to read "Ravindra Mehta", written over a horizontal line.

(RAVINDRA MEHTA)

Partner

M.No. 43051

FRN: 118775W

UDIN: 22043051ABIANE6236

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED ON 31ST DECEMBER, 2021

(Rs. in Lacs)

Sr No	PARTICULARS	STANDALONE						CONSOLIDATED					
		FOR THE QUARTER ENDED			NINE MONTH ENDED			FOR THE QUARTER ENDED			NINE MONTH ENDED		
		31/12/2021	30/09/2021	31/12/2020	31/12/2021	31/12/2020	31/03/2021	31/12/2021	30/09/2021	31/12/2020	31/12/2021	31/12/2020	31/03/2021
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1	Income from operations												
	(a) Sales/Income From Operations	5966.02	5637.99	5444.82	17324.36	14467.30	20123.52	5966.02	5637.99	5444.82	17324.36	14467.30	20123.52
	(b) Other Operating Income	378.49	157.04	97.36	690.75	327.62	435.04	378.49	157.04	97.36	690.75	327.62	435.04
	Total Income from operations (a+b)	6344.51	5795.03	5542.18	18015.11	14794.92	20558.56	6344.51	5795.03	5542.18	18015.11	14794.92	20558.56
2	Other Income	3.74	2.92	-1.30	9.26	47.43	55.61	2.93	4.02	0.10	10.62	51.54	61.05
3	Total Income / Revenue (1+2)	6348.25	5797.95	5540.88	18024.37	14842.35	20614.17	6347.44	5799.05	5542.28	18025.73	14846.46	20619.61
4	Expenses	0						0					
	(a) Cost of Materials Consumed	3825.16	3038.59	2542.93	9885.32	6602.98	9930.91	3825.16	3038.59	2542.93	9885.32	6602.98	9930.91
	(b) Purchase of Stock in Trade	127.42	338.30	343.79	752.92	720.65	1073.08	126.61	338.30	343.79	752.11	720.65	1073.08
	(c) Changes in Inventories-Finished Goods, Stock in Trade etc	(956.62)	(45.15)	86.66	(1114.27)	728.01	215.30	(956.62)	(45.15)	86.66	(1114.27)	728.01	215.30
	(d) Employee benefits expense	371.01	267.47	267.96	850.53	658.35	1071.44	371.21	267.62	268.11	851.03	658.80	1072.09
	(e) Finance Cost	214.01	186.99	47.45	468.40	85.72	227.58	214.00	187.00	47.49	468.40	85.89	227.77
	(f) Depreciation and Amortisations	367.40	277.31	86.61	729.18	258.07	343.63	367.42	277.33	86.63	729.24	258.13	343.72
	(g) Other Expenses	1791.08	1347.30	1054.14	4291.37	2729.46	3923.81	1791.67	1347.87	1054.63	4292.82	2731.51	3927.17
5	Total Expenditure (a to g)	5739.46	5410.81	4429.54	15863.45	11783.24	16785.75	5739.45	5411.56	4430.24	15864.65	11785.97	16790.04
6	Profit / (Loss) before exceptional and extraordinary items and tax (3-5)	608.79	387.14	1111.34	2160.92	3059.11	3828.42	607.99	387.49	1112.04	2161.08	3060.49	3829.57
7	Exceptional items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8	Profit / (Loss) before share of profit / (loss) of associates and joint venture	608.79	387.14	1111.34	2160.92	3059.11	3828.42	607.99	387.49	1112.04	2161.08	3060.49	3829.57
9	Share of net profit/(loss) of Associates and joint ventures accounted for using the equity method	0.00	0.00	0.00	0.00	0.00	0.00	(0.00)	(0.04)	(0.02)	-0.20	(0.19)	(0.15)
10	Profit / (Loss) before extraordinary items and tax	608.79	387.14	1111.34	2160.92	3059.11	3828.42	607.99	387.45	1112.02	2160.88	3060.30	3829.42
11	Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Profit/(Loss) before tax	608.79	387.14	1111.34	2160.92	3059.11	3828.42	607.99	387.45	1112.02	2160.88	3060.29	3829.42
	Current Tax	96.83	-137.70	284.30	258.88	789.80	998.13	96.81	-137.79	284.41	258.92	790.10	998.44
	Adjustment of tax relating to earlier years	0.00	0.00	0.00	0.00	0.00	2.35	0.00	0.00	0.00	0.00	0.00	2.40
	Deferred Tax	0.00	0.00	0.00	0.00	0.00	(20.92)	0.00	0.00	0.00	0.00	0.00	(20.83)
13	Total tax expenses	96.83	-137.70	284.30	258.88	789.80	979.56	96.81	-137.79	284.41	258.92	790.10	980.01
14	Net Profit (Loss) for the period after Tax (12-13)	511.96	524.84	827.04	1902.04	2269.31	2848.86	511.18	525.24	827.61	1901.96	2270.19	2849.41
15	Other Comprehensive Income	0.00											
	(a) Items that will not be reclassified to profit or loss	0.00	0.00	0.00	0.00	0.00	(8.46)	0.00	0.00	0.00	0.00	0.00	(8.46)
	(b) Tax relating to items that will not be reclassified to profit or loss	0.00	0.00	0.00	0.00	0.00	(2.13)	0.00	0.00	0.00	0.00	0.00	(2.13)
	(c) Items that will be reclassified to profit or loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(d) Tax relating to items that will be reclassified to profit or loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16	Total Comprehensive Income for the period	511.96	524.84	827.04	1902.04	2269.31	2838.27	511.18	525.24	827.61	1901.96	2270.19	2838.82
17	Net Profit for the Period/year attributable to:												
	Owners of the Company	0.00	0.00	0.00	0.00	0.00	0.00	511.20	525.23	827.62	1901.96	2270.21	2849.40
	Non-Controlling Interest	0.00	0.00	0.00	0.00	0.00	0.00	-0.02	0.01	-0.01	0.00	-0.02	0.01
18	Total Comprehensive Income attributable to:												
	Owners of the Company							511.20	525.23	827.62	1901.96	2270.21	2838.81
	Non-Controlling Interest							-0.02	0.01	-0.01	0.00	-0.02	0.01
19	Paid up Share Capital (Face Value - Rs. 10 Each)	1132.84	1132.84	1132.84	1132.84	1132.84	1132.84	1132.84	1132.84	1132.84	1132.84	1132.84	1132.84
20	Reserves Excluding Revaluation Reserves						14417.11						14502.07
21	Earning Per Share												
a	Basic earnings (loss) per share from continuing and discontinued operations	4.52	4.63	7.30	16.79	20.03	25.05	4.51	4.64	7.31	16.79	20.04	25.06
b	Diluted earnings (loss) per share from continuing and discontinued operations	4.52	4.63	7.30	16.79	20.03	25.05	4.51	4.64	7.31	16.79	20.04	25.06

22 Disclosure of notes on financial results

- The above results have been reviewed by the Audit Committee and taken on record by the Board of Directors at their meeting held on 11.02.2022
- The figures for the previous year/ quarter have been regrouped/rearranged wherever required to match with current figures
- The Auditor of the company has carried out the limited review of the above standalone and consolidated unaudited financial results and have issued an unqualified limited review report for the Quarter ended on 31.12.2021
- Provision for Deferred Taxation, if any, will be made at the end of the year.
- The Company operates in one Single Segment - Dyes and Dye Intermediates.

For Dymic Products Limited

BK JS

Place : Ahmedabad
Date : 11.02.2022

Bhagwandas K Patel
Managing Director



ASIM RAVINDRA & ASSOCIATES

CHARTERED ACCOUNTANTS

704, 3rd Eye Vision, Opp. Jaihind Sweet, Panjrapole, Ahmedabad-380015
Phone: (O) 26301626, M : 9375010542 Email: ravimehta@gmail.com

INDEPENDENT AUDITOR'S REPORT

To
The Members of,
Dynemic Products Limited

Report on the Audit of the consolidated Ind AS financial statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of DYNEMIC PRODUCTS LIMITED ("the Holding Company"), and its subsidiary Cerecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Pvt Ltd) and its associate Dynemic Holdings Pvt Ltd(collectively referred to as "The Group"), comprising of the consolidated Balance Sheet as at March 31, 2021, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as Consolidated Ind AS Financial Statements).

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary and associate, referred to in the Other Matters section below, aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its consolidated profit including other comprehensive income, its consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Revenue from sale of products (As described in Note 2(b) of the consolidated Ind AS financial statements)	
Revenue is recognized when performance obligations are satisfied by transferring promised goods to customers. Goods are considered transferred when the customer obtains 'control' of the promised goods. Control is the ability to direct the use of and obtain, substantially all the benefits from the goods.	Principal audit procedures performed include: (1) Assessed the appropriateness of the relevant accounting policy. (2) Evaluated the design and implementation of internal controls over management's assertion with respect to 'cut - off', to establish that control of promised goods has passed to customers. (3) Tested the operating effectiveness of controls over revenue recognition with a focus on those related to the timing of revenue recognition. (4) Performed testing on a sample of sales to confirm that 'cut - off' has been properly applied, in particular, the sales made before the year end
There is a risk of revenue not being recorded in the correct accounting period on account of the inability to establish with certainty, the point of time when control passes.	
Pending litigations (As described in Note 34 of the consolidated Ind AS financial statements)	
As of March 31, 2021, the Company has disclosed contingent liabilities of Rs. 64.11 lacs relating to tax and legal claims.	Following procedures have been performed to address this key audit matter: 1. Gained an understanding of the process of identification of claims, litigations, arbitrations and contingent liabilities, and evaluated the design and tested the operating effectiveness of key controls. 2. Discussed and analysed material legal cases with the Company's legal department. 3. Analysed the responses obtained from the Company's legal advisors who conduct the court cases, tax and administrative proceedings, in which their status and possible expected manner of proceeding were described. 4. Evaluated management's assumptions and estimates relating to the recognition of the provisions for disputes and disclosures of
Taxation, arbitration and litigation exposures have been identified as a key audit matter due to the uncertainties and timescales involved for the resolution of these claims.	
Accordingly, there is judgement required by management in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed in the consolidated Ind AS financial statements.	



contingent liabilities in the consolidated Ind AS financial statements.

5. Assessed the adequacy of the disclosures with regard to facts and circumstances of the legal and litigation matters.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, Business Responsibility Report and Corporate Governance, but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the consolidated Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.



As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls,
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Other Matters

We did not audit the financial statements / consolidated financial statements of subsidiary Cerecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Private Limited), whose financial statements / consolidated financial statements reflect total assets of Rs. 9818857/- as at March 31, 2021, total revenues of Rs. 544054/- and net cash flows of Rs. 515832/- for the year then ended, as the case may be, on that date and financial statements of associate Dynamic Holdings Private Limited in which the share of net profit/(loss) of the Group is Rs. (14858/-). These financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary and associate referred to in the Other Matters above, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary and associate, none of the directors of the Group companies and its associate, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these consolidated Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/ provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;



(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i The consolidated Ind As financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, – Refer Note 34 to the consolidated Ind As financial statements.
 - ii The Group, its subsidiary and its associate entity did not have any material foreseeable losses on long-term contracts. The Group did not have derivative contract as at 31st March 2020.
 - iii There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and in case of its subsidiary company and associate company incorporated in India, it is not applicable at present.
- 3 With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

Place : Ahmedabad
Date : 05/06/2021



For, ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS

FRN: 118775W

[RAVINDRA MEHTA]

PARTNER

M. No. 043051

UBIN: 21043051AAAABF9969



ASIM RAVINDRA & ASSOCIATES

CHARTERED ACCOUNTANTS

704, 3rd Eye Vision, Opp. Jaihind Sweet, Panjrapole, Ahmedabad-380015
Phone: (O) 26301626, M : 9375010542 Email: raviemehta@gmail.com

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 11(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2021, we have audited the internal financial controls over financial reporting of Dynamic Products Limited (hereinafter referred to as "the Holding Company") and its subsidiary company and its associate company which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company, its subsidiary company and its associate company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Holding Company, its subsidiary and associate's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of



internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's, its subsidiary company's, and its associate company's incorporated in India, internal financial controls system over financial reporting, of the Parent and its subsidiary company and associate, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company, and its associate company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".



OTHER MATTERS

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

Place : Ahmedabad
Date : 05/06/2021



For, **ASIM RAVINDRA & ASSOCIATES**
CHARTERED ACCOUNTANTS

ERN-118775W

[RAVINDRA MEHTA]

PARTNER

M. No. 043051

M/S. DYNEMIC PRODUCTS LIMITED			
CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH 2021			
	Note	As at 31st March, 2021	As at 31st March, 2020
ASSETS :			
NON-CURRENT ASSETS :			
Property, Plant & Equipments	4.1	341813150	357813233
Capital Work in Progress	4.2	1943018301	711087565
Goodwill		2910966	2910966
Intangible Assets	5	19250	19355
Investments accounted for using equity method	6	8895645	8910503
Financial Assets:			
Investments	6	1228064	1390212
Loans	10	23144068	22189839
Other Financial Assets	11	25207842	23109837
Other Non Current Assets	13	39841530	30434599
TOTAL NON CURRENT ASSETS		2386078825	1157866109
CURRENT ASSETS:			
Inventories	12	361620569	364075956
Financial Assets:-			
Investments	6	0	0
Trade Receivables	7	413548957	318952820
Cash and cash equivalents	8	8167302	10233883
Other Bank Balances	9	820222	251161633
Loans	10	35175499	1782185
Other Financial Assets	11	326669	459431
Other Current Assets	13	305626201	403285069
TOTAL CURRENT ASSETS		1125287420	1349950878
TOTAL -ASSETS		3511366244	2507816987
EQUITIES AND LAIBILITIES:			
EQUITY			
Equity Share Capital	14.1	113284490	113284490
Other Equity	14.2	1450207062	1166326740
EQUITY ATTRIBUTABLE TO OWNERS		1563491552	1279611230
Non Controlling Interest		673074	671633
TOTAL EQUITY		1564164626	1280282863
LAIBILITIES			
NON CURRENT LIABILITIES			
Financial Liabilities			
Borrowings	15	966214552	919674402
Trade Payables	16	0	0
Other Financial Liabilities	17	21025	30610
Deferred Tax Liabilities(Net)	21	38505662	40588742
TOTAL NON CURRENT LIABILITIES		1004741239	860193844
CURRENT LIABILITIES			



Financial Liabilities			
Borrowings	15	421562545	191024882
Trade Payables	16	239238777	76004060
Other Financial Liabilities	17	165371647	1988619
Provisions	18	2821111	2242426
Current Tax Liabilities	19	100056594	83787684
Other Current Liabilities	20	13609703	12292529
TOTAL CURRENT LIABILITIES		942460378	367340280
TOTAL LIABILITIES		1947201618	1227534124
TOTAL - EQUITIES AND LIABILITIES		3511366244	2507816987

The accompanying Notes form an integral part of the Consolidated Balance Sheet.
This is the Consolidated Balance Sheet referred to in our report of even date.

FOR ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS.

FRN. 148775W

[RAVINDRA MEHTA]

PARTNER

M. No. 043051

Place : Ahmedabad.

Date : 05/06/2021



For and on Behalf of
DYNEMIC PRODUCTS LIMITED

(B. K. Patel)

Managing Director

(R. B. Patel)

Director

(D. B. Patel)

Director

(Amisha Patel)

Chief Financial Officer

(Varsha Mehta)
Company Secretary

M/S. DYNEMIC PRODUCTS LIMITED					
CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-3-2021					
Particulars	Note No.	31st March, 2021		31st March, 2020	
		Rupees	Rupees	Rupees	Rupees
REVENUE FROM OPERATIONS	22		2056855558		1822697071
OTHER INCOME	23		6105103		9122391
TOTAL REVENUE Rs.			2061960661		1831819461
EXPENSES :					
Cost of Materials Consumed	24		993091325		976376908
Purchases of Stock-in-Trade	25		107307883		93334727
Changes in Inventories	26		21530285		(75217206)
Employee Benefits Expenses	27		107209115		93102784
Finance Costs	28		22777363		15719016
Depreciation & Amortisations	29		34371814		34072377
Other Exps:-	30				
Other Manufacturing Exps.	30.1	324856553		301106033	
Repairs & Maintenance	30.2	23629246		22448930	
Administrative, Selling & Other Exps.	30.3	44430077	392715876	49523400	373078363
TOTAL EXPENSES Rs.			1679003661		1510466869
Profit before share of net profits of investment accounted for using equity and Tax			382957001		321352592
Share of net profit/(loss) of Associates and joint ventures accounted for using the equity method			(14858)		219565
Profit before Tax			382942142		321572157
Income Tax Expense	31				
Current Tax			99843564		83238832
Deferred Tax			(2083080)		(7904568)
Add/ (Less):- Taxation of earlier years (Refunds/Paid)			240435		4523970
Net Profit for the Year			284941223		241713922
Other Comprehensive Income					
Items that will not be Reclassified to Profit or Loss	36		(846431)		(2180675)
Remeasurements on Post-employment Defined Benefit Plans					
Income Tax on Above	31		(213030)		(548832)
Total Other Comprehensive Income, Net of Tax			(1059461)		(2729507)
Total Comprehensive Income for the Year			283881763		238984415



Profit attributable to:	Owners of the Company		284939782		241710521
	Non controlling Interest		1441		3401
			284941223	0	241713922
Other Comprehensive Income attributable to:	Owners		(1059461)		(2729507)
	Non controlling Interest		0		0
			(1059461)	0	(2729507)
Total Comprehensive Income attributable to:	Owners		283880322		238981014
	Non controlling Interest		1441		3401
			283881763	0	238984415
Earnings per Equity Share (Nominal Value Rs. 10/- per Share)		32			
	Basic		25.06		21.10
	Diluted		25.06		21.10

The accompanying Notes form an integral part of the Consolidated Statement of Profit & Loss.
This is the Consolidated Statement of Profit & Loss referred to in our report of even date.

FOR ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS.

FRN-118775W




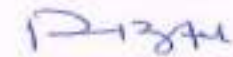
[RAVINDRA MEHTA]
PARTNER
M. No. 043051





Place : Ahmedabad.
Date : 05/06/2021

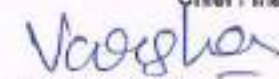
For and on Behalf of
DYNEMIC PRODUCTS LIMITED


(B. K. Patel)
Managing Director


(R. B. Patel)
Director


(D. B. Patel)
Director


(Amisha Patel)
Chief Financial Officer


(Varsha Mehta)
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31st March, 2021

Particulars	Other Equity -Reserves & Surplus- Rfer Note No 14.2				
	Equity Share Capital (Refer Note 14.1)	Share Premium Account	General Reserve	Retained Earnings	Total
As at 1st April, 2019	113284490	103680201	50217820	814418818	1081601329
Profit for the Year				241710521	241710521
Other Comprehensive Income (Net of Tax) -Remeasurements on Post employment Defined Benefit Plans				(2729507)	(2729507)
Total Comprehensive Income for the Year	113284490	103680201	50217820	1053399832	1320582343
Transactions with Owners in their Capacity as Owners:					
Final Dividend on Equity Shares for the Financial Year 2018-19 (Refer Note 41(b))				(16992674)	(16992674)
Interim Dividend on Equity Shares for the Financial Year 2019-20 (Refer Note 41(b))				(16992674)	(16992674)
Dividend Distribution Tax on Above				(6985766)	(6985766)
As at 31st March, 2020	113284490	103680201	50217820	1012428719	1279611230
Profit for the Year				284939782	284939782
Other Comprehensive Income (Net of Tax) -Remeasurements on Post employment Defined Benefit Plans				(1059461)	(1059461)
Total Comprehensive Income for the Year	113284490	103680201	50217820	1296309041	1563491552
Interim Dividend on Equity Shares for the Financial Year 2019-20 (Refer Note 41(b))				0	0
Dividend Distribution Tax on Above				0	0
Transfer from Retained Earnings			0	0	0
As at 31st March, 2021	113284490	103680201	50217820	1296309041	1563491552

The accompanying Notes form an integral part of the Consolidated Statement of Changes in Equity.
This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

FOR ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS.

FRN. N8775W

[RAVINDRA MEHTA]
PARTNER
M. No. 043051

Place : Ahmedabad.
Date : 05/06/2021



For and on Behalf of
DYNEMIC PRODUCTS LIMITED

(B. K. Patel)
Managing Director

(R. B. Patel)
Director

(D. B. Patel)
Director

(Amisha Patel)
Chief Financial Officer

(Varsha Mehta)
Company Secretary

Notes to Consolidated Financial Statements for the year ended 31st March, 2021
CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2021

	Year Ended 31st March, 2021	Year Ended 31st March, 2020
A. Cash Flows from Operating Activities		
Profit before Tax	382942142	321572157
Adjustments for:		
Share of net (profit)/loss of Associates	14858	(219565)
Depreciation and Amortisation Expense	34371814	34072377
Finance Costs	22777363	15719016
Bad Debts/Advances Written Off	24190	1122669
Provision for Doubtful Debts	0	0
Interest Income Classified as Investing Cash Flows	(5110041)	(7863471)
Net Gain on Investments Carried at Fair Value through Profit or Loss	0	0
Fair Value Gains on Derivatives Not Designated as Hedges (Unrealised)	0	0
Liabilities No Longer Required Written Back	0	0
Provision for Doubtful Debts Written Back	0	0
Allowance Made/(Reversed) for Expected Credit Losses on Trade Receivables	0	0
(Gain)/Loss on Disposal of Property, Plant and Equipment (Net)	214013	(123862)
Write Downs of Inventories to Net Realisable Value	0	0
Foreign Exchange Differences (Net)	(10974194)	(18806368)
Operating Profit before Changes in Operating assets and Liabilities	424260145	345472853
Changes in Operating Assets and Liabilities		
Increase/(Decrease) in Trade Payables	163234717	25661984
Increase/(Decrease) in Other Financial Liabilities	24058075	(7173459)
Increase/(Decrease) in Provisions	378685	443135
Increase/(Decrease) in Other Current Liabilities	1317175	8537632
(Increase)/Decrease in Inventories	2455387	(92516182)
(Increase)/Decrease in Trade Receivables	(94620327)	96312160
(Increase)/Decrease in Loans	(34347543)	(1372886)
(Increase)/Decrease in Other Financial Assets	(943266)	751821
(Increase)/Decrease in Other Non-current Assets	(9406931)	1500
(Increase)/Decrease in Other Current Assets	107812034	(211424890)
Cash Generated from Operations	159938007	(179779185)
Income Taxes Paid	(102749671)	(99304315)
NET CASH FROM OPERATING ACTIVITIES	481448281	66389353
B. Cash Flows from Investing Activities		
Payments for Acquisition of Property, Plant and Equipment/Intangible Assets	(1252220795)	(475715937)
Proceeds on Disposal of Property, Plant and Equipment	1704412	2206571
Payments for Purchase of Investments	0	0
Proceeds from Sale/Redemption of Investments	162148	100
Interest Received	5110041	7863471
Proceeds from Maturity of Deposits with Banks	380986343	403883291
Payments for Placing of Deposits with Banks	(123941705)	(656586815)
NET CASH USED IN INVESTING ACTIVITIES	(908169556)	(718349319)
C. Cash Flows from Financing Activities:		
Dividend Paid	0	(33985347)
Dividend Distribution Tax Paid	0	(6985766)
Finance Costs Paid	(22777363)	(15719018)
Proceeds from Long-term Borrowings	285950298	817817341
Short-term Borrowings - Receipts/(Payments)	230537585	(120347463)
NET CASH USED IN FINANCING ACTIVITIES	493710500	640779750



D. Exchange Differences on Translation of Foreign Currency Cash and Cash Equivalents	10974194	18808368
Net Cash (Outflow)/ Inflow	(2066531)	7626162
Cash and Cash Equivalents - Opening (Refer Note 8)	10233884	2607732
Cash and Cash Equivalents - Closing (Refer Note 8)	8167303	10233884

The above Consolidated Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

The accompanying Notes form an integral part of the Consolidated Cash Flow Statement

This is the Consolidated Cash Flow Statement referred to in our report of even date.

FOR ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS.

FRN. 118775W

[RAVINDRA MEHTA]

PARTNER

M. No. 043051

Place : Ahmedabad.

Date : 05/06/2021



For: DYNEMIC PRODUCTS LIMITED

(B. K. Patel)
Managing Director

(R. B. Patel)
Director

(D. B. Patel)
Director

(Amisha Patel)

Chief Financial Officer

(Varsha Mehta)
Company Secretary

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

1. Group Background

Dynemic Products Limited (the 'Parent Company') is a public limited company, incorporated and domiciled in India. The equity shares of the Company are listed on the National Stock Exchange of India Limited and the BSE Limited in India. The registered office of the Company is located at B-301, Satyamev-I, Opp. Gujarat High Court, S G Road, Sola, Ahmedabad-380060, Gujarat, India. The Parent Company and its subsidiary, Cerecon Bio Sciences Private Limited (Formerly known as Dynemic Overseas India Pvt Ltd) & its associates Dynemic Holdings Pvt Ltd, (collectively referred to as "the Group") is mainly engaged in the business of manufacturing and selling of Dyes & Dye Intermediates as single operational segment, and . The consolidated Financial statements were approved and authorised for issue in accordance with the resolution of the Company's Board of Directors on 5th June, 2021.

2. Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted in the preparation of the consolidated Financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] as amended from time to time and other provisions of the Act.

(ii) Historical Cost Convention

The consolidated Financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value.
- Defined benefit plans - plan assets measured at fair value.

(iii) Current versus Non Current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- a) expected to be realised or intended to be sold or consumed in the normal operating cycle,
- b) held primarily for the purpose of trading,
- c) expected to be realised within twelve months after the reporting period, or
- d) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in the normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period, or

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

d) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

(iv) Rounding of Amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest Rupee in lacs as per the requirement of Schedule III, unless otherwise stated.

(b) Principal of Consolidation:-

The consolidated financial statements relate to Dynamic Products Limited ('the Company') and its subsidiary company, and associate. The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the Company and its subsidiary are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

(ii) The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as "Goodwill" being an assets in the consolidated financial statements.

(iii) Minority interest in the net assets of consolidated subsidiary consist of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company and further movements in their share in the equity, subsequent to the dates of investments.

(iv) Investment in Associate has been accounted under the equity method as per Ind AS 28 - Investments in Associates and Joint Ventures.

(v) The Company accounts for its share of post acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Consolidated Profit and Loss Statement, to the extent such change is attributable to the associates' Profit and Loss Statement and through its reserves for the balance based on available information.

(vi) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

(c) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty & exclusive of GST and net of returns, trade discounts, rebates, value added taxes and amounts collected on behalf of third parties. The inter divisional transfer between Unit-1 & Unit-2 are deducted from respective sales & purchases. It has no impact on profit or loss.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of Products :-Revenue from sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer as per the terms of contract. Sales is net of inter branch transfers. It has no impact on profit or loss.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Sale of Services:- Revenue from services rendered is recognised as the services are rendered and is booked based on agreements/ arrangements with the concerned parties.

Other Operating Revenues

Export entitlements (arising out of Duty Drawback, Merchandise Export from India and Focus Market Schemes) are recognised when the right to receive credit as per the terms of the schemes is established in respect of the exports made by the Group and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds. There is no Royalty Income.

- (d) **Construction Contracts :-** There is no Construction contract entered into by the Group during the period under consideration.

- (e) **Property, Plant and Equipment:-**

Freehold/ GIDC Lease hold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation Method, Estimated Useful Lives And Residual Values

Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act. Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

Estimated useful lives of the assets are taken as per Schedule II of the Companies Act 2013, which is broadly defined as under:-

Buildings - 3 to 60 years
Plant and Equipments - 5 to 40 years
Furniture and Fixtures - 10 years
Vehicles - 8 to 10 years
Office Equipments - 3 to 6 years

Leasehold land is from GIDC and has not been amortised, as the lease cost has been fully paid. The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss within 'Other Income'/'Other Expenses'. Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Work-in-progress'.

- (f) **Intangible Assets**

Intangible assets (Computer Software) has a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Computer Software

Software for internal use, which is primarily acquired from third-party vendors is capitalised. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/system integration services, where applicable.

Amortisation Method and Period

Computer software are amortised on a pro-rata basis using the straight-line method over their estimated useful life of 5 years, from the date they are available for use. Amortisation method and useful lives are reviewed periodically at each Financial year end.

(g) Impairment of Non Financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash generating units).

(h) Leases

As A Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. This is not applicable to GIDC Lease, as there is no periodic payments are made for uses of leased asset, which is GIDC Land.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on approximation average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Investments and Other Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:-

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. Though the Group do not have any debt instruments, but for investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised Costs**

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

- **Fair Value through other comprehensive income (FVOCI):**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other Income'.

Fair value through Profit & Loss A/c

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other Income' in the period in which it arises.

Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income' in the Statement of Profit and Loss.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(iii) Impairment of Financial Assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets which are not fair valued through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40(A) details how the Group determines whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) De-recognition of Financial Assets

A financial asset is de-recognised only when

- the Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income Recognition

Interest Income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividend

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

(k) Derivative Instruments- Not applicable as there are no Derivative Instruments.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(l) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(m) Trade Receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(n) Cash and Cash Equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(o) Trade Payables

Trade Payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Other borrowing costs are expensed in the period in which they are incurred.

(r) Foreign Currency Transactions and Translation

(i) Functional and Presentation Currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Indian Rupee (Rs.), which is the Group's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year - end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Exchange differences arising on reporting of long-term foreign currency monetary items recognised up to 31st March, 2018 (i) relating to acquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long-term monetary asset/liability). All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(s) Employee benefits

(i) Short Term Employee Benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as 'Employee Benefits Payable' within 'Other Current Liabilities' in the Balance Sheet.

(ii) Post Employment Benefits

Defined Benefit Plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee Benefits Expense' in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. These are included in 'Retained Earnings' in the Statement of Changes in Equity.

Defined Contribution Plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(iii) Other Long term Employee Benefits

The liabilities for leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future benefits in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Provisions' (Current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(t) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(u) Provisions and Contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

(v) Dividend

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

(w) Earnings per Share

(i) Basic Earnings per Share

Basic earnings per share is calculated by dividing:-

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:-

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(x) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Group. Presently Group has been working in single segment- Dyes & Dyes Intermediates.

3 Critical Estimates and Judgments

The preparation of consolidated Financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated Financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This Note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated Financial statements.

The areas involving critical estimates or judgements are:

Employee Benefits (Estimation of Defined Benefit Obligation)

Post-employment benefits represent obligations that will be settled in future and require assumptions to estimate benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of benefit costs over the employees' approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

Impairment of Trade Receivables

Impairment of trade receivables is primarily estimated based on prior experience with and the past due status of receivables, based on factors that include ability to pay and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.

Estimation of Expected Useful Life of Property, Plant and Equipment

Management reviews its estimate of useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

to technical and economic obsolescence that may change the utility of property, plant and equipment.

Contingencies

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise factual and legal issues that are subject to uncertainties and complexities, including the facts and circumstances of each particular case/claim, the jurisdiction and the differences in applicable law. The Group consults with legal counsel and other experts on matters related to specific litigations where considered necessary. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

Accounting for Construction Contract Under Percentage of Completion—Not applicable as there is no construction contracts, however the policy is as under:-

The percentage of completion method is used to account for construction contracts. This method requires estimates of the final revenue and costs of the contract, as well as measurement of progress achieved to date as a proportion of the total work to be performed. The main uncertainty when assessing contract revenue is related to recoverable amounts from variation orders and claims payments which are recognised when, based on management's judgment, it is probable that they will result in revenue and are reliably measurable. This assessment is adjusted upon management's evaluation of liquidated damages to be imposed by customers typically relating to contractual delivery terms. Cost to complete depends on productivity factors and the cost of inputs, weather conditions, performance of subcontractors, etc. Experience, reduces but does not eliminate the risk that estimates may change significantly.

Valuation of Deferred Tax assets

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for Financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimising measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques, including the discounted cash flow model, which involve various judgments and assumptions.

Impairment of Investments in Subsidiaries

Determining whether the investments in subsidiaries are impaired requires an estimate of the value in use of investments. In considering the value in use, the management anticipates the future commodity prices, capacity utilisation of plant, operating margins, discount rates and other factors of the underlying businesses/operations of the subsidiaries.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.
- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021
Group Information

The consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiary company and its associates as detailed below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held by the Group and the proportion of ownership interests held equals the voting rights held by the Group.

Name of Entity	Place of Business/ Country of Incorporation	Proportion of ownership interest held by the group		Principal Business Activity
		2020-21	2019-20	
1)*Carecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Pvt Ltd)	India	98.09%	98.09%	Trading of Dyes Intermediates, & other chemicals Now changed to manufacturing and trading of Medical equipments, bulk drugs, and other Pharmaceutical items and its allied products. Investments in shares & securities
2) Dynamic Holdings Private Limited	India	49.22%	49.22%	

Name of Entity	Net Assets, i.e Total Assets minus total Liabilities		Share in Profit & Loss A/c		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Parent Dynamic Products Limited	1563491552	1279611230	284939782	241710521			283880322	238981014
Subsidiary 1)*Carecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Pvt Ltd)	9345359	9271368	74001	174679		0	74001	174679
(Share of Parent) Associates Dynamic Holdings Pvt Ltd (Share of Parent)	8895589	8910447	(14858)	219565		0	0	(14858)
								219565

Note:-

The associate Dynamic Holding Pvt Ltd has invested Rs. 7280494/- (PYF Rs. 7280494/-) in the 156320 nos (PYF 156320 nos) of shares of the company i.e Dynamic Products Ltd, hence, out of the net worth of Rs. 18103305 (PYF Rs. 18103305/-) attributable to the shareholding of the company, Rs. 7280494/- (PYF Rs. 7280494/-) is invested in the shares of the company.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

4 Property, Plant and Equipment

4.1 Reconciliation of Gross and Net Carrying Amount of Each Class of Assets

Particulars	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Other Assets	Total
Year ended 31st March, 2020								
Gross Carrying Amount								
Opening Balance	15843301	191805082	410485468	8732734	12669081	4005007	0	643341673
Additions	8489	754800	11350735	402636	63600	851703	0	13431684
Disposals	0	0	3496538	0	2508029	362756	0	6367323
Closing Balance	15651790	192550882	418339665	9136370	10224652	4494955	0	650406314
Accumulated Depreciation								
Opening Balance	0	53295487	194309622	8015938	3370780	3345279	0	262337105
For the Year	0	5649084	26596162	124144	1281683	371728	0	34023701
On Disposals	0	0	2797858	0	617137	352730	0	3767725
Closing Balance	0	58945471	218107926	8140082	4035326	3364277	0	282593082
Net Carrying Amount	15651790	133614411	200231740	995288	6189326	1130678	0	357813233
Year ended 31st March, 2021								
Gross Carrying Amount								
Opening Balance	15651790	192550882	418339665	9135370	10224652	4494955	0	650406314
Additions	1185	0	19801233	0	0	487642	0	20290060
Disposals	0	0	7477292	0	33125	440411	0	7950628
Closing Balance	15652975	192550882	430663805	9135370	10191527	4542188	0	662745546
Accumulated Depreciation								
Opening Balance	0	58945471	218107926	8140082	4035326	3364277	0	292593082
For the Year	0	5643170	26823989	150878	1259601	494071	0	34371709
On Disposals	0	0	5562324	0	33125	436354	0	6032404
Closing Balance	0	64588841	239368990	8290980	5261802	3421994	0	320932387
Net Carrying Amount	15652975	127971241	191294515	844410	4929725	1120193	0	341813159

4.2 Capital Work-in-Progress

Carrying Amount at the Beginning of the Year	711087565
Additions During the Year @	1231930735
Capitalised During the Year	0
Carrying Amount at the End of the Year	1943018301
@ Includes costs incurred in the course of construction of an item of Property, Plant and Equipment:	

Note:- The capital work in progress includes the expenses incurred for the Plant at Unit 3 at Dahej GIDC, regarding the direct purchase of assets for the said plant and the other incidental preoperative expenditures directly related to the implementation of the said plant including the net interest on borrowings for the said plant. The preoperative expenditures will be capitalised in proportion to the value of assets on completion of the Plant and the start of the commercial production.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

- 4.3 The Company has taken borrowings from banks which carry charge over certain property, plant and equipment (Refer Note 42 for details).
- 4.4 Contractual obligations - Refer Note 35(a) for disclosure of contractual commitments for the acquisition of property, plant and equipment.
- 4.5 Aggregate amount of depreciation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 29).
- 4.6 Title deeds of immovable properties set out in Note 4.1 above, where applicable, are in the name of the Company.

5	Intangible Assets	Good will On consolidation	Computer Software
	Year ended 31st March, 2019		
	Gross Carrying Amount		
	Deemed Cost as at 1st April, 2019 (Refer Note 4.3)	2910966	2647392
	Additions	0	0
	Disposals	0	0
	Closing Balance	2910966	2647392
	Accumulated Depreciation		
	As at 1st April 2019	0	2579381
	For the Year	0	48676
	On Disposals	0	0
	Closing Balance	0	2628037
	Net Carrying Amount	2910966	19355
	Year ended 31st March, 2020		
	Gross Carrying Amount		
	Opening Balance	2910966	2647392
	Additions	0	0
	Disposals	0	0
	Closing Balance	2910966	2647392
	Accumulated Depreciation		
	Opening Balance	0	2628037
	For the Year	0	105
	On Disposals	0	0
	Closing Balance	0	2628142
	Net Carrying Amount	2910966	19250

- 5.1 The amortisation has been included under 'Depreciation and Amortisation Expense' in the Statement of Profit and Loss (Refer Note 29).

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

6	Investments	Face Value	Number	As At 31st March 2021	As At 31st March 2020
	Unquoted:				
	Non-current Investments				
	Investments in Equity Instruments				
	INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD				
	In Other Associates Body Corporates				
	*Dynamic Holdings Pvt.Ltd.	10	1010000	10100000	10100000
	(At Original Cost)				
	Add/Less:- Share of Accumulated Profit/Loss			(1204355)	(1189497)
	Net Investment in Associate			8895645	8910503
	Other Non Current Investments				
	Investments in Equity Instruments				
	In Other Body Corporates				
	* Enviro Technology Ltd. Shares	10	15000	150000	150000
	* Bharuch Enviro Infrastructure Ltd.	10	1750	17500	12800
	* Bharuch Eco-Aqua Infra.Ltd	10	78450	784500	784500
	* Ank.Res. &Analy.Inf.Ltd.	10	1000	10000	10000
	Investments in Mutual Funds				
	IndiaReil Fund Scheme IV			266064	433112
				1228064	1390212
	Current Investments			0	0
				0	0

6.1 Refer Note 39 for information about fair value measurements and Note 40 for credit risk and market risk on investments.

7	Trade Receivables	As At 31st March 2021	As At 31st March 2020
	Unsecured Considered Good		
	(a) Trade Receivables considered good - Secured;	0	0
	(b) Trade Receivables considered good - Unsecured;	413548957	318952820
	(c) Trade Receivables which have significant increase in Credit Risk	0	0
	d) Trade Receivables - credit impaired	0	0
	Less: Allowance for Expected Credit Losses	0	0
		413548957	318952820

7.1 Refer Note 42 for receivables secured against borrowings and Note 40 for information about credit risk and market risk on receivables.

8	Cash and Cash Equivalents	As At 31st March 2021	As At 31st March 2020
	Balances with Banks	7644430	9924795
	Cheques, Drafts on Hand	0	0
	Cash on Hand (Includes Foreign Currency Rs. 31578(PY 53639))	522872	309088
		8167302	10233883

8.1 There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the current reporting period and prior periods.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

9	Other Bank Balances	As At 31st March 2021	As At 31st March 2020
	Unpaid Dividend Accounts @	820222	815092
	Fixed Deposit Accounts (with original maturity of more than three months but less than twelve months)	0	25000000
	Accrued Interest on Fixed Deposits	0	346441
		820222	251161533

@ Earmarked for Payment of Unclaimed Dividend

10	Loans	As At 31st March 2021	As At 31st March 2020	As At 31st March 2021	As At 31st March 2020
	Non-current				
	Unsecured, Considered Good :				
	Loans to Employees*			400000	400000
	Security Deposits			22744068	21789839
	(a)Loans Receivables considered good - Secured;	0	0		
	(b)Loans Receivables considered good - Unsecured;	23144068	22189839		
	(c)Loans Receivables which have significant increase in Credit Risk; and	0	0		
	(d)Loans Receivables - credit impaired	0	0		
		23144068	22189839	23144068	22189839
	Current				
	Unsecured, Considered Good :				
	Loans to Employees*			302686	372956
	Security Deposits			34872813	1409229
	(a)Loans Receivables considered good - Secured;	0	0		
	(b)Loans Receivables considered good - Unsecured;	35175499	1782185		
	(c)Loans Receivables which have significant increase in Credit Risk; and	0	0		
	(d)Loans Receivables - credit impaired	0	0		
		35175499	1782185	35175499	1782185

11	Other Financial Assets	As At 31st March 2021	As At 31st March 2020
	Non-current		
	Unsecured, Considered Good :		
	Trade & Other Receivables	1617256	24190
	Fixed Deposits with Banks** (with Maturity of more than Twelve Months) (Lodged with Government Authority/Others)	20002148	18978171
	Accrued Interest on Fixed Deposits**	3588438	4107476
		25207842	23109837
	Current		
	Unsecured, Considered Good :		
	Interest Accrued on Electricity Deposits	328669	459431
		328669	459431
	*Financial Assets carried at Fair Value through Profit and Loss		
	**Financial Assets carried at Amortised Cost		

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

12	Inventories	As At 31st March 2021	As At 31st March 2020
	At Lower of Cost and Net Realisable Value		
	Raw Materials	115893877	97319848
	Packing Material.....	2458984	1959461
	ETP stock	3925	2780
	Trading Materials.....	1311000	564325
	Work in progress.....	30696215	38255851
	Finished Goods ...	210740068	223864205
	Finished Goods (Captive)	516501	1009686
		381620589	364075956

12.1 Refer Note 42 for Information on Inventories Pledged as Security

13	Other Assets	As At 31st March 2021	As At 31st March 2020
	Non-current		
	Unsecured, Considered Good :		
	Capital Advances	38463010	23463010
	Balances with Government Authorities @	380348	5973415
	Prepaid/Advance for Expenses	198789	198789
	Advance to Suppliers/Service Providers (other than capital)	0	0
	IT Refund Receivables	799385	799385
		38841530	30434599
	Current		
	Unsecured, Considered Good :		
	Export Entitlements Receivable	4420273	13330765
	Balances with Government Authorities @	108708029	76036218
	Advance to Suppliers/Service Providers (other than capital)	0	4493478
	Capital Advances	17484033	214913513
	Prepaid/Advance for Expenses	4143273	2092307
	IT Refund Receivables	8334630	0
	Advance Income Tax Paid (Included TDS & TCS)	102535964	92382797
		305626201	403285069

@ Balances with Government Authorities primarily include amounts realisable from the GST, and customs authorities of India and the unutilised GST input credits on purchases. These are generally realised within one year or regularly utilised to offset the GST liability on goods manufactured by the Company.

14.1	Equity Share Capital	As At 31st March 2021	As At 31st March 2020
	Authorised Share Capital [13000000 Equity Share of Rs. 10/- each] @	130000000	130000000
	Issued, Subscribed and paid up : [11328449 Equity Shares of Rs. 10/- each fully paid up @	113284490	113284490
		113284490	113284490

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

@ There were no changes in number of shares during the years ended 31st March, 2021 and 31st March, 2020

(a) The Company has one class of Equity Shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. 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.

(b) Details of shareholders holding more than 5% shares

Name of Shareholder	As At 31st March 2021	As At 31st March 2020
	Nos of Shares	Nos of Shares
Bhagwandas Kalidas Patel	1207182	1207182
	10.66%	10.66%
Rameshkumar Bhagwandas Patel	679993	679993
	6.00%	6.00%
Dashrathbhal P Patel	520400	695400
	4.59%	6.14%

14.2 Other Equity	As At 31st March 2021	As At 31st March 2020
Reserves and Surplus		
Securities Premium Account	103680201	103680201
General Reserve [Refer (i) below]	50217820	50217820
Retained Earnings [Refer (ii) below]	1296309041	1012428719
	1450207062	1166326740
(i) General Reserve - Movement during the year	As At 31st March 2021	As At 31st March 2020
Opening Balance	50217820	50217820
Transfer from Retained Earnings	0	0
Closing Balance	50217820	50217820
(ii) Retained Earnings - Movement during the year		
Opening Balance	1012428719	814418818
Profit for the Year	284939782	241710521
Items of Other Comprehensive Income recognised directly in Retained Earnings	0	0
	0	0
Remeasurements on Post-employment Defined Benefit Plans, Net of Tax	(1059461)	(2729507)
Dividend on Equity Shares for the Financial Year 2018-19 [Refer Note 41(b)]	0	(16992674)
	0	0
Interim Dividend on Equity Shares for the Financial Year 2019-20 [Refer Note 41(b)]	0	(16992674)
	0	0
Dividend Distribution Tax on Above	0	(6985766)
Transfer to General Reserve	0	0
Closing Balance	1296309041	1012428719

Nature and purpose of each Reserve

Securities Premium Account

Securities Premium Account is used to record premium received on issue of shares. This reserve may be utilised in accordance with the provisions of Section 52 of the Act.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

General Reserve

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.

	As At 31st March 2021	As At 31st March 2020
15 Borrowings		
Non-current		
Secured		
* ICICI Bank Ltd.- Car Loans (Secured against the specific cars) Defaults:- NIL Terms of Repayment - Three Loans Principal Amount- Rs. 2000000/- & 1500000 & 2000000 Date of start of repayments- 15/01/2017 & 10/05/2017 & 28/09/2018 Nos of Installments- 36 monthly installments Due Date of Last Installment- 15/12/2019 & 10/04/2020 & 01/10/2021 Rate of Interest- 9.10% p.a. & 8.34% p.a. & 8.68% p.a. Less: Current Maturities of Long-term Debt (Refer Note 17)	0	1120527
Net Non Current Amount	0	0
* Citi Bank N.A.-- Term Loan FCTL-1 Defaults:- NIL Terms of Repayment - 20 Quarterly Intallments after 12 months moratorium Principal Amount- USD 5674526.54 equivalent of INR 40,00,00,000/- Date of start of repayments- 31/03/2021 Nos of Installments- 20 Quarterly installments Due Date of Last Installment- 31/12/2025 Rate of Interest- 3M USD L + 2.20% Less: Current Maturities of Long-term Debt (Refer Note 17)	376203623	419574492
* Citi Bank N.A.-- Term Loan FCTL-2 Defaults:- NIL Terms of Repayment - 16 Quarterly Intallments after 12 months moratorium Principal Amount- USD 2732240.44 equivalent of INR 20,00,00,000/- Date of start of repayments- 30/06/2022 Nos of Installments- 16 Quarterly installments Due Date of Last Installment- 30/06/2026 Rate of Interest- 3M USD L + 2.05% Less: Current Maturities of Long-term Debt (Refer Note 17)	80000000	0
Net Non Current Amount	106010929	0
	0	0
Net Non Current Amount	492214552	419574492

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

* HDFC Bank-- Term Loan	400000000	400000000
Defaults:- NIL		
Terms of Repayment - 20 Quarterly Installments after 12 months moratorium		
Principal Amount- USD 5674526.54 equivalent of INR 40,00,00,000/-		
Date of start of repayments- 01/07/2021		
Nos of Installments- 20 Quarterly Installments		
Due Date of Last Installment- 17/03/2026		
Rate of Interest- MCLR + 0.95%		
Less: Current Maturities of Long-term Debt	60000000	0
(Refer Note 17)		
* HDFC Bank Ltd (GECL) Loan-Term Loan-INR)	134000000	0
Defaults:- NIL		
Terms of Repayment - 48 Monthly Installments after 12 months moratorium		
Principal Amount- INR 13,40,00,000/-		
Date of start of repayments- 01/04/2022		
Nos of Installments- 20 Quarterly Installments		
Due Date of Last Installment- 31/03/2024		
Rate of Interest- MCLR + 0.60% or 7.80% p.a.		
Less: Current Maturities of Long-term Debt	0	0
(Refer Note 17)		
Net Non Current Amount	474000000	400000000
TOTAL NON CURRENT AMOUNT--SECURED	966214552	819574492
Unsecured		
FROM OTHER PARTIES:- UNSECURED		
Fixed Deposits from Share holders	0	0
TOTAL NON CURRENT AMOUNT--UNSECURED	0	0
TOTAL NON CURRENT AMOUNT	966214552	819574492
Current		

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Secured		
Loans Repayable on Demand from Banks*		
Bill Discounting Facilities- PCFC		
* Citi Bank N.A.	97867496	138476156
Cash Credit/Export Credit Facilities		
* Citi Bank N.A.	22609805	52548825
* Citibank NA (WCDL A/C)	100000000	0
* Axis Bank Ltd.	73651292	0
* HDFC Bank Ltd (C/C A/C)	27433963	0
* HDFC Bank Ltd. (WCDL A/C)	100000000	0
Unsecured		
Fixed Deposits from Share holders	0	0
TOTAL CURRENT AMOUNT	421562545	191024982

*Secured -

(a) By a first pari passu charge by way of hypothecation of the Company's entire current assets (for Company's Unit-1 Unit-2 situated at GIDC Ankleshwar), namely, stocks of raw materials, semi-finished and finished goods and articles stores and spares not relating to plant and machinery (consumable stores and spares), Bills receivable and Book debts and all other movable of the Company both present and future but excluding such movables as may be permitted by the said Banks from time to time ;

(b) By pari passu charge of CitiBank N.A., Axis Bank & HDFC Bank on the Company's immovable & movable fixed assets (for Company's Unit-1 & Unit-2 situated at GIDC, Ankleshwar & Registered Office situated at Ahmedabad) including movable plant and machinery, machinery spares, tools and accessories, electrical and other equipments etc, (save and except the current assets which are already hypothecated/to be hypothecated in favour of the said Banks as and by way of first charge) lying and/or stored and/or situated at the Company's different units, godowns/factories and/or premises or in the possession of any third party or in course of transit or delivery and also all documents of title, negotiable instruments, policies of insurance and other documents and instruments relating thereto subject and/or sub-servient to the first and/or the prior charge holders for securing their respective Term Loans and/or facilities.

(c) By pari passu charge of CitiBank N.A. & HDFC Bank on the Company's immovable & movable fixed assets (for Company's Unit-3 situated at GIDC, Dahej including movable plant and machinery, machinery spares, tools and accessories, electrical and other equipments etc, (save and except the current assets which are already hypothecated/to be hypothecated in favour of the said Banks as and by way of first charge) lying and/or stored and/or situated at the Company's different units, godowns/factories and/or premises or in the possession of any third party or in course of transit or delivery and also all documents of title, negotiable instruments, policies of insurance and other documents and instruments relating thereto subject and/or sub-servient to the first and/or the prior charge holders for securing their respective Term Loans and/or facilities.

(d) By personal guarantee of directors Shri Bhagwandas K Patel, Shri Ramesh B Patel, & Shri Dixit B Patel.

(e) The company has entered into the swap with HDFC Bank Ltd on 31/08/2020 for the Term loan Of Rs. 40 Crore swapping this amount from INR to USD equivalent to USD 5431093.01 with same tenure or the period of loan to be repaid at Fixed Interest rate of 4.90% per annum on USD amount at the prevalent exchange rate and the repayment is to be made in USD 271654.65 quarterly installments at the prevalent exchange rate. All other terms and conditions remain same.

- 15.1 Refer Note 42 for details of carrying amount of assets pledged/ hypothecated as security for secured borrowings and Note 40 for information about liquidity risk and market risk on borrowings.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

16	Trade Payables	As At 31st March 2021	As At 31st March 2020
	Non-current		
	Trade Payables		
	Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 33)	0	0
	Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	0	0
		0	0
	Current		
	Trade Payables		
	Total Outstanding Dues of Micro Enterprises and Small Enterprises (Refer Note 33)	144322534	43491020
	Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises	94916243	32513040
		239238777	76004060

16.1 Refer Note 40 for information about liquidity risk and market risk on trade payables.

17	Other Financial Liabilities	As At 31st March 2021	As At 31st March 2020
	Non-current		
	Other Sundry Creditors Payable for Expenses	2025	2610
	Security Deposits- Employee Bonds	19000	28000
		21025	30610
	Current		
	Current Maturities of Long-term Debt (Refer Note 15)	140430765	1120527
	Interest Accrued	0	0
	Unpaid Dividends	820222	615092
	Other Sundry Creditors Payable for Expenses	24050660	0
	Security Deposits- Employee Bonds	70000	53000
		165371647	1988619

18	Provisions	As At 31st March 2021	As At 31st March 2020
	Current		
	Provisions for Employee Benefits (Refer Note 36)	2621111	2242426
		2621111	2242426

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

19		As At 31st March 2021	As At 31st March 2020
	Current Tax Liabilities		
	A. Tax Expense Recognised in Profit or Loss		
	Current Tax		
	Current Tax Liabilities	99843564	83238632
	B. Tax on Other Comprehensive Income		
	Current Tax		
	Remeasurements on Post-employment Defined Benefit Plans	213030	548632
		100056594	83787664

20		As At 31st March 2021	As At 31st March 2020
	Other Current Liabilities		
	Dues Payable to Government Authorities @	9223229	3437945
	Employee Benefits Payable- Group Gratuity Payable	630656	3071542
	Advances from Customers	3755820	5783042
		13609703	12292529

@ Dues Payable to Government Authorities comprise GST, sales tax, excise duty, withholding taxes, payroll taxes, service tax, value added tax, entry tax and other taxes payable.

21 Deferred Tax Liabilities (Net)
Significant Movements Deferred Tax Assets and Liabilities during the year.

	As at 31st March, 2020	Recognised in Profit & Loss	As at 31st March, 2021
Deferred Tax Liabilities			
Property, Plant and Equipment and Intangible Assets	40588742	(2083080)	38505662
Financial Assets at Fair Value through Profit or Loss - Investments			
Total Deferred Tax Liabilities	40588742	(2083080)	38505662
	As at 31st March, 2019	Recognised in Profit & Loss	As at 31st March, 2019
Deferred Tax Liabilities			
Property, Plant and Equipment and Intangible Assets	48493310	(7904568)	40588742
Financial Assets at Fair Value through Profit or Loss - Investments			
Total Deferred Tax Liabilities	48493310	(7904568)	40588742

22		As At 31st March 2021	As At 31st March 2020
	Revenue from Operations		
	Sale of Products ^		
	Dyes & Intermediates	382143821	410193504
	Synthetic Food Colours	1513496671	1254208955
	Others	116711413	93940319
	Net Product Sales	2012351905	1758342778
	*(The above sales are net of (exclusive of) Inter Branch/ Unit Transfer)		

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Other Operating Revenues		
Cash Discount Received	4200	0
Foreign Exchange Gain & Loss- Exports & Imports	10974194	18806368
Export Incentive Income	23165399	37870737
Packing Materials Sales	0	13340
Rates & Quality Difference.	46682	218333
Interest on VAT Refund	1402489	0
Misc. Income	984898	0
Quantity Discount	4271975	4848889
Discounts Others	280714	25028
Scrap Sale Income	2391125	2571588
Total Other Operating Revenues	43503654	64354293
Total Revenue from Operations	2055855558	1822697071

	As At 31st March 2021	As At 31st March 2020
23 Other Income		
Office Rent Income	12000	12000
Interest On GEB & ETL Deposit	557788	703079
Interest & Capital Gain-India Reit	293858	0
Apprentice Stipend Refund	61067	0
Creditors W/O- Kasar	0	347273
Interest on FD (Bank)	5110041	7863471
Interest on Staff Loan	34498	42606
Interest on IL Refund	1476	0
Dividend Received	34375	30000
Profits/Loss on sale/w/o of assets	0	123982
TOTAL	6105103	9122391

	As At 31st March 2021	As At 31st March 2020
24 Cost of Materials Consumed		
Opening Stock	97319648	80855006
Add. : Purchase during the year *	1011665555	982841450
	1108985203	1073896456
Less : Closing Stock	115893877	97319648
	993091325	976376808

*(The above purchases are net of (exclusive of) Inter Branch/ Unit transfers)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

	As At 31st March 2021	As At 31st March 2020
25 Purchases of Stock-in-trade		
Raw Materials Chemical Items	107307883	93334727
	107307883	93334727
26 Changes in Inventories	As At 31st March 2021	As At 31st March 2020
OPENING INVENTORIES :		
Finished Goods	223964205	184140338
Finished Goods (Captive)	1009688	1577276
Trading Stocks	564325	700400
Work-in-Progress	39255851	23158850
	264794068	189576861
CLOSING INVENTORIES :		
Finished Goods	210740068	223964205
Trading Stocks	1311000	564325
Finished Goods (Captive)	516501	1009688
Work-in-Progress	30898215	39255851
	243263783	264794068
	21530285	(75217206)
27 Employee Benefit Expenses	As At 31st March 2021	As At 31st March 2020
Salary & Wages to Employees	54158075	50951828
Salaries & Bonus to Directors	21532149	11662155
Incentive Commission to Other Staff	1188651	1030504
Commission to Managing Director	7700000	6500000
Refer Note No. 27.1		
Contribution to PF	3738719	3457937
Other Salary & Wages Expense	258108	580711
Ex Gratia Compensation	0	2253964
Leave Salary (Inc. Provisions -unpaid)	2117865	1901579
Leave Salary (Directors)	151250	518269
Gratuity Insurance Premium (See Note 36)	1398242	932790
Bonus & other expenses	14968056	13323047
	107209115	93102784

27.1 Calculation of Managerial Remunerations:-

A Net profit available for calculation of commission payable to Managing Director:-
(As per Section 198 of The companies Act 2013)

Particulars	As At 31st March 2021	As At 31st March 2020
1. Net profit before tax as per Profit & Loss A/c	382957001	321352592
Add:- 1. Loss on sale of Assets	214013	0
2. Commission to Managing Director	7700000	6500000
Net Profit available for calculation of Commission	390871013	327852592
2. 2% Commission payable to Managing Director	7817420	6557052
Actual Commission paid or payable as per the approval given by AGM dated. 25/09/2017	7700000	6500000
B. Over all managerial Remuneration paid or payable during the year:-		
Particulars		
1. Salaries and other benefits paid	21683399	12180424
2. Commission paid to Managing Director	7700000	6500000
Total Rs.	29383399	18680424
C. The limit as per Section 197 of the Companies Act 2013, which is 11% of the Net profit	42148811	35348785

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

	As At 31st March 2021	As At 31st March 2020
28 Finance Costs		
Interest	18252323	11536951
Forex Gain/Loss on FCTL	0	0
Other Financial Charges	4525040	4182065
	22777363	15719016
29 Depreciation and Amortisation Expense		
Depreciation on Property, Plant and Equipment (Refer Note 4.1)	34371709	34023701
Amortisation of Intangible Assets (Refer Note 5)	105	48676
	34371814	34023777
30 Other Expenses		
30.1 Other Manufacturing Expenses		
<u>PACKING MATERIAL CONSUMED</u>		
Op. Stock	1969461	1110291
Add: Purchases during the year	31109347	27461591
	33068808	28571882
Less : Closing stock	2458984	1959461
Total Rs.	30609824	26612420
<u>E.T.P MATERIAL CONSUMED</u>		
Op. Stock	2760	17616
Add: Purchases during the year	1583060	1880898
	1585860	1898514
Less : Closing stock	3925	2760
Total Rs.	1581935	1895734
<u>POWER & FUEL CONSUMED</u>		
Electric Power & Burning	51609089	51362130
Fuel Purchased & Consumed	3387335	3901373
Gas Consumption Charges	79710490	79386961
	134708914	134650164
<u>OTHER MFGS. EXPENSES</u>		
Transportation	15073839	10718757
Conversion/Job Charges	1787973	3011961
Factory Exp	7932613	8291110
Labour Charges	41822022	42399410
Forwarding & Handling Charges	29961893	20863444
Pallatisation Charges	364050	254900
ETP Expense	48703769	41565717
R & D Exps.	0	105165
Safety Exps.	1037269	875648
Consumable Stores	11074451	9861603
	157757680	137947715
	324656553	301106033

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

30.2 Repairs and Maintenance Expenses	As At 31st March 2021	As At 31st March 2020
Electrical Parts & Maintenance	592022	135922
ETP Parts & Maintenance	82031	0
Machinery Parts Repairs & Maintenance	4885568	6080895
Building Repairing	3073347	1508833
Computer Maintenance & Consumables	537232	286277
Furniture, Office Repairing & Maintenance	372848	180218
Vehicle Repairing (Director)	208449	203136
Vehicle Repairing Exp	23326	24955
Consumable Stores (Plant, MEE & Electricals)	13854423	14028684
	23629246	22448930

30.3 Administrative and Other Expenses	As At 31st March 2021	As At 31st March 2020
Consultancy, Legal & Professional Fees	4750960	2086437
Exhibition Exp.	0	3143899
Donation to Charitable Institutes	5739960	5741000
Insurance Premium	3364292	3216552
Petrol Exps-Directors	203494	270176
Sitting Fees to Directors	128000	98000
Selling Commission	5290263	5618583
Staff Welfare Exps.	5985023	4877511
Telephone Exps-Others	129704	112525
Travelling & Conveyance (Director)	153317	660984
Bad Debts	24190	1469942
Angadia & Courier Exp	1442652	1282298
Audit Fees	840000	840000
Cost Audit Fees	89500	85000
FDA Approval Fees	2631697	6480179
Lab-Testing Exp	1275488	1157640
Misc Office Exp	139886	267552
Rates & Quality Difference.	0	10368
Office Electric Bill Exp.	325980	314960
Security Exp	2033205	1924739
Stationery & Printing Exp- Incl (Annual Reports)	1249065	1272057
Water Charges	1521173	1192809
Sales Promotion Exps	283039	345269
Regi. Certification, Renewal & Filing Fees	1844480	1516116
Advertisement Expense	164862	199612
Loss/Profits on sale/w/o of assets	214013	0
Loss on Sale of MEIS	203290	212690
Other Administrative & Establishment Exps	4402543	5148905
	44430077	49523400

30.4 Corporate Social Responsibility Expenditure:	As At 31st March 2021	As At 31st March 2020
(a) Gross amount required to be spent by the Company during the year	5579855	4836084
(b) Expenditure towards Corporate Social Responsibility Activities comprises donations given to Dynemic Foundation	5600000	5100000
Rs. 56 lacs (PYF Sardar Dham Vishw Patidar Samaj Rs. 51 Lacs)		

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

	As At 31st March 2021	As At 31st March 2020
30.5 Payments to Auditors comprise -		
(i) Statutory Auditors		
As Auditor		
As Audit Fee -Financial Statements	840000	840000
For Service Tax/ GST	151200	151200
(ii) Cost Auditors		
As Fee	92500	92500
31 Income Tax Expense	As At 31st March 2021	As At 31st March 2020
A. Tax Expense recognised in Profit or Loss		
Current Tax		
Current Tax on Profits for the Year	100056594	83787664
Adjustment for Current Tax of Earlier Years	240435	4523970
	100297029	88311634
Deferred Tax		
Origination and Reversal of Temporary Differences	(2083080)	(7904568)
Income Tax Expense	98213949	80407066
B. Tax on Other Comprehensive Income	As At 31st March 2021	As At 31st March 2020
Current Tax		
Remeasurements on Post-employment Defined Benefit Plans	213030	548832
31.1 Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable	As At 31st March 2021	As At 31st March 2020
Profit before Income Tax Expense	382957001	321352592
Enacted Statutory Income Tax Rate in India applicable to the Company	25.168%	25.168%
Computed Expected Income Tax Expense	96411232	80905070
Adjustments:-		
Amount debited to P & L A/c to the extent disallowable u/s 37	3645362	2880322
Deduction u/s 35 in excess of amount debited to P & L A/c	0	0
Interest on Taxes	0	2272
Bank FDR Interest- Diff less credited to Profit Loss	0	0
Adjustment for Current Tax of Earlier Years	240435	4523970
	100297029	88311635
32 Earnings per Equity Share	As At 31st March 2021	As At 31st March 2020
(A) Basic		
(i) Number of Equity Shares at the Beginning of the Year	11328449	11328449
(ii) Number of Equity Shares at the End of the Year	11328449	11328449
(iii) Weighted Average Number of Equity Shares Outstanding during the Year	11328449	11328449
(iv) Face Value of Each Equity Share (Rs.)	10	10
(v) Profit after Tax Available for Equity Shareholders Profit for the Year	283881763	238984415
(vi) Basic Earnings per Equity Share (Rs.)[(v)/(iii)]	25.06	21.10

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(B) Diluted		
(i) Dilutive Potential Equity Shares	0	0
(ii) Diluted Earnings per Equity Share (Rs.) [Same as (A)(vi) above]	25.08	21.10

33 Information relating to Micro and Small Enterprises (MSEs)

PARTICULARS	As At 31st March 2021	As At 31st March 2020
(i) Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year.	0.00	0.00
(ii) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under the MSMED.	0.00	0.00
(iii) Amount of interest accrued and remaining unpaid at the year end of the accounting year.	0.00	0.00

34 Contingencies -

	As At 31st March 2021	As At 31st March 2020
A) Claims against the Company not acknowledged as debts:		
Taxes, duties and other demands (under appeal/dispute)	1605754	1605754
(i) Rebate claims submitted by us rejected by Excise Dept. and the revision appeal is pending with Joint Secretary, Ministry of Finance, New Delhi	0	215278
(ii) Cenvat credit taken on invoice of dealer in which RG 23 D entry No. not mentioned, appeal is pending with Commissioner (Appeals) Surat-II	1292270	0
(iii) Deemed Dividend U/s 2(22)(e) of Income Tax Act 1961, for AY 2012-13, appeal is pending with CIT Appeals-I	3512712	3512712
(iv) Penalty u/s 270A of Income Tax Act 1961, for AY 2017-18, appeal is pending with CIT Appeals-I		

35 Commitments

	As At 31st March 2021	As At 31st March 2020
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	27162220	180633026
(b) Guarantees Bank Guarantees / Letter of Credits	13051562	12728119

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

36 Employee Benefits :-

(I) Post Employment Defined Benefits Plans :

(A) Gratuity (Funded)

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. As per the plan, the Gratuity Fund Trusts, administered and managed by the Trustees and funded primarily with Life Insurance Corporation of India (LIC), make payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Trustees are responsible for the overall governance of the plan and to act in accordance with the provisions of the trust deed and rules in the best interests of the plan participants. Each year an Asset-Liability matching study is performed in which the consequences of the strategic investment policies are analysed in terms of risk and return profiles. Investment and contribution policies are integrated within this study. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation as set out in Note 2(s)(ii) above, based upon which, the Company makes contributions to the Employees' Gratuity Funds.

The following table sets forth the particulars in respect of the Gratuity Plan (Funded) of the Company:

	As At 31st March 2021	As At 31st March 2020
(a) Reconciliation of Opening and Closing Balances of the Present Value of Defined Benefit Obligations:-		
Present Value of Obligation at the beginning of the year	16789150	12966632
Current Service Cost	1188763	936055
Past Service Cost	0	0
Interest Cost	1145020	1010101
Remeasurements Losses		
Actuarial Losses arising from Changes in Financial Assumptions	(210159)	1549166
Actuarial Losses arising from Changes in Experience Adjustments	1089674	509033
Benefits Paid	(516295)	(181837)
Present Value of Obligation at the end of the year	19486153	16789150
(b) Reconciliation of the Opening and Closing Balances of the Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	13717608	13008555
Interest Income	935641	1013366
Remeasurements Gains		
Actuarial Losses arising from Changes in Experience Adjustments	0	0
Return on Plan Assets (excluding amount included in Net Interest Cost)	33084	(122476)
Contributions by Employer	4685560	0
Benefits Paid	(516295)	(181837)
Fair Value of Plan Assets at the end of the year	18855498	13717608
(c) Reconciliation of the Present Value of the defined benefits Obligation and the Fair Value of Plan Assets:		
Present Value of Obligation at the end of the year	19486153	16789150
Fair Value of Plan Assets at the end of the year	18855498	13717608
Liabilities Recognised in the Balance Sheet	830655	3071542
(d) Actual Return on Plan Assets	968625	890690
(e) Expense recognised in the Other Comprehensive Income:		
Remeasurements Losses (Net)	(1059461)	(2729507)
(f) Expense Recognisable in Profit or Loss :		
Current Service Cost	1188763	936055
Net Interest Cost	209479	(3265)
Past Service Cost	0	0
Total @	1398242	932790
(f) Expense Recognised in Profit or Loss :	1398242	932790
@ Recognised under 'Contribution to Provident and Other Funds' in Note 27.		

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(g) Category of Plan Assets:		
Funded with LIC	100%	100%
Cash and Cash Equivalents	0	0
(h) Maturity profile of Defined Benefits Obligations:		
Within 1 year	2155615	1636288
1-2 year	1425210	1017268
2-5 years	2855707	3049853
Over 5 years	39712094	35164797
(i) Principal Actuarial Assumptions:		
Discount Rate	6.82%	7.79%
Salary Growth Rate	7.00%	7.00%

Assumptions regarding future mortality experience are based on mortality tables of 'Indian Assured Lives Mortality (2006-2008)' published by the Institute of Actuaries of India.

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors, such as demand and supply in the employment market.

(II) Post Employment Defined Contributions Plans :

(A) Provident Fund

Certain categories of employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer make monthly contributions to a government administered fund at specified percentage of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. During the year, an amount of Rs. 3738719 (Previous Year- Rs. 3467936) has been recognised as expenditure towards above defined contribution plans of the Company.

(III) Leave Obligations

The Company provides for accumulation of leave by certain categories of its employees. These employees can carry forward a portion of the unutilised leave balances and utilise it in future periods or receive cash (only in case of earned leave) in lieu thereof as per the Company's policy. The Company records a provision for leave obligations in the period in which the employee renders the services that increases this entitlement.

The total provision recorded by the Company towards this obligation was Rs. 2621111, and Rs. 2242426 as at 31st March, 2021, and 31st March, 2020 respectively. The amount of the provision is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(IV) Risk Exposure

Through its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below: Discount Rate Risk

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Salary Growth Risks

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

37 Segment Information

A. Description of Segments and Principal Activities

The Company's Managing Director examines the Company's performance on the basis of its business and has identified single reportable segments:--- Dyes & Intermediates

38 Related Party Disclosures:

A] List of parties where control exist

(i) Subsidiary Company

- * Cerecon Bio Sciences Private Limited (Formerly known as Dynamic Overseas (India) Pvt.Ltd.)

B] Other related parties with whom transactions have taken place during the year

(ii) Associates :-

- * Dynamic Holdings Pvt Ltd

(iii) Key management personnel :-

Mr. B.K.Patel	Managing Director
Mr. Rameshbhai B.Patel	Wholetime Director
Mr.Dixit B.Patel	Wholetime Director
Mrs. Varsha Mehta	Company Secretary
Mrs. Amisha Patel	Chief Financial Officer

C.] Transactions with related parties :-

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Nature of Transaction	Key Managerial Personnel & their Relatives Rs.		Subsidiary Companies Amt.Rs.		Associates Amt.Rs.	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Fixed Deposits taken						
Taken during the period	0	0	0	0	0	0
Repaid during the period	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0
Loans & Advances						
Given during the period	0	0	0	0	0	0
Settled during the period	0	0	0	0	0	0
Closing Balance	0	0	0	0	0	0
Investments						
Given during the period	0	0	0	0	0	0
Settled during the period	0	0	0	0	0	0
Closing Balance	0	0	2060000	2060000	10100000	10100000
Other Payments to KMP & Related Parties						
Salaries etc to Directors & Related Parties (KMP)	32900309	22506733	0	0	0	0
Sitting Fees to Directors	128000	96000	0	0	0	0
Commission to related parties	919736	759969	0	0	0	0
Amount Expended on be half of	586439	1167600	0	0	0	0
Rent Income	0	0	0	0	12000	12000
Dividend Paid	0	0	0	0	0	468960
Sales	0	0	0	0	0	0

(iv) Terms and conditions of transactions with related parties

Transactions relating to dividend were on the same terms and conditions that applied to other shareholders.

The sales to and purchases from related parties are made in the ordinary course of business. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash/cheque. No provisions are held against receivables from related parties. There are no loans outstanding with related parties.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

39 Fair Value Measurements

(i) Financial Instruments by Category	Note No.	As At 31st March 2021	As At 31st March 2020
		Carrying Amount/ Fair Value	Carrying Amount/ Fair Value
Financial Assets			
Assets Carried at Fair Value through Profit or Loss			
Investments			
Equity Instruments			
Mutual Funds			
Other Financial Assets		0	0
Assets Carried at Amortised Cost			
Investments			
Equity Instruments		962000	957100
Mutual Funds		266064	433112
Trade Receivables		0	0
Cash and Cash Equivalents		8167302	10233883
Other Bank Balances		820222	251161533
Loans		58319567	23972024
Other Financial Assets		0	0
Total Financial Assets		68535154	286757652
Financial Liabilities			
Liabilities Carried at Amortised Cost			
Borrowings (including current maturities and interest accrued)		551993310	192145509
Trade Payables		239236777	76004060
Other Financial Liabilities		24961907	898702
Total Financial Liabilities		826193994	269048271

(ii) Fair Values

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31st March, 2020.

The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(b) The fair value of foreign exchange forward contracts is determined using forward exchange rates at the Balance Sheet date.

(c) The management assessed that fair values, of trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), investments in commercial papers, trade payables, borrowings (current) and other financial liabilities (current), approximate to their carrying amounts largely due to the short-term maturities of these instruments. Further, management also assessed the carrying amount of certain loans and long-term borrowings at floating interest rates which are a reasonable approximation of their fair values and the difference between the carrying amounts and fair values is not expected to be significant.

(d) The fair value of remaining financial instruments is determined on discounted cash flow analysis using a current lending/discount rate, as considered appropriate.

For financial assets carried at fair value, the carrying amounts are equal to their fair values.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(iii) Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds. The mutual funds are valued using the closing Net Asset Value.

Level 2: This is the case for unlisted equity securities included in level 2.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There are no transfers between level 1 and level 2 fair value measurements during the year ended 31st March, 2020 and 31st March, 2019.

	31st March 2021		31st March 2020	
	Level 1	Level 2	Level 1	Level 2
(a) Recognised and Measured at Fair Value - Recurring Measurements				
Financial Assets				
Investments				
Mutual Funds - Growth plan		266064		433112
Unquoted Equity Investments		0		0
(b) Amortised Cost for which Fair Values are Disclosed				
Financial Assets				
Investments				
Unquoted Equity Investments		982000		957100

Fair Value Measurement using significant unobservable inputs (Level 2)

Fair valuation of unquoted equity investments is based on valuation done by an external valuer using discounted cash flow method. A change in significant unobservable inputs used in such valuation (mainly earnings growth rate and risk adjusted discount rate) is not expected to have a material impact on the fair values of such assets as disclosed above. *Amounts are below the rounding-off norm adopted by the Company

40 Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts are entered as per Company's policy to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. The Company's senior management oversees the management of above risks. The senior executives working to manage the financial risks are accountable to the Audit Committee and the Board of Directors. This process provides assurance to the Company's senior management that the Company's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(A) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The Company is exposed to credit risk from its operating activities (primarily Trade Receivables) and from its investing activities (primarily Deposits with Banks and Investments in Mutual Funds).

Trade Receivables

Trade receivables are typically unsecured and are derived from revenue earned from customers. Customer credit risk is managed by each business unit subject to the Company's policy and procedures which involve credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit assurance. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience with customers.

The Company's exposure to customers is diversified and no single customer contributes to more than 10% of total revenues.

Other Financial Assets

Credit risk from balances with banks, term deposits, loans, investments and derivative instruments is managed by Company's finance department. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements. The Company monitors ratings, credit spreads and financial strength of its counterparties. The Company's maximum exposure to credit risk for the components of the Balance Sheet as of 31st March, 2021, and 31st March, 2020 is the carrying amounts as disclosed in Note 39 except for the financial guarantees. The Company's maximum exposure to financial guarantees is given in Note 40(B)(ii).

Financial Assets that are Neither Past Due Nor Impaired

None of the Company's cash equivalents with banks, loans and investments were past due or impaired as at 31st March, 2021, and 31st March, 2020. Of the total trade receivables, Rs. 413548957 as at 31st March, 2021, and Rs. 318936774 as at 31st March, 2020 consisted of customer balances that were neither past due nor impaired.

Financial Assets that are Past Due but Not Impaired

The Company's credit period for customers generally ranges from 0 - 180 days. The ageing of trade receivables that are past due but not impaired (net of provisions/allowances) is given below:

Period (in days)	As At 31st March 2021	As At 31st March 2020
01-090	413548844	307782737
91-180	113	11170083
More than 180	1617369	11194273

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

(B) Liquidity Risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and maintains adequate sources of financing.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(i) Financing Arrangements

The Company had access to the following undrawn borrowing facilities (excluding non-fund based facilities) at the end of the reporting period:

	As At 31st March 2021	As At 31st March 2020
Floating Rate Expiring within one year (working capital facilities)	38437454	268975018

The working capital facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the above facilities may be drawn at any time within one year.

(ii) Maturities of Financial Liabilities

The table below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual Maturities of Financial Liabilities	Within 1 year	Between 1 and 3 year	Total
31st March, 2021			
Borrowings	561903310	968214552	1528207863
Trade Payables	239238777	0	239238777
Other Financial Liabilities @ Financial Guarantee Contracts*	185371647	21025	165392672
Total	966603734	968235577	1932839311
31st March, 2020			
Borrowings	192145509	819574482	1011720001
Trade Payables	76004080	0	76004080
Other Financial Liabilities @ Financial Guarantee Contracts*	1988619	30610	2019229
Total	270138188	819605102	1089743290

(C) Market Risk

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currencies (primarily US Dollars and Euro). The Company has obtained foreign currency loans and has foreign currency trade receivables, trade payables and other financial assets/liabilities and is therefore exposed to foreign currency risk.

The Company strives to achieve asset-liability offset of foreign currency exposures and only the net position is hedged where considered necessary. The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure per established risk management policy.

The Company uses forward exchange contracts to hedge the effects of movements in foreign exchange rates on foreign currency denominated assets and liabilities.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(a) Foreign Currency Risk Exposure:

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

	31st March 2021			31st March 2020		
	USD	EURO	POUND	USD	EURO	POUND
Financial Assets						
Trade Receivables	269495399	11948222	0	167834623	4376604	0
Bank Balance in EEFC Account	5306930	0		6229		
Other Financial Assets						
Derivative Assets						
Foreign Exchange Forward Contracts						
Net Exposure to Foreign Currency Risk (Assets)	274601329	11948222	0	167840852	4376604	0
Financial Liabilities						
Borrowings (including Current maturities)	1070082048	0	0	554863497	3187151	0
Trade Payables	56818880	15662085	0	14532168	8154010	0
Other Financial Liabilities						
Derivative Assets						
Foreign Exchange Forward Contracts						
Net Exposure to Foreign Currency Risk (Liabilities)	1126900928	15662085	0	569395665	11341161	0
Net Exposure to Foreign Currency Risk (Assets - Liabilities)	(852099599)	(3713863)	0	(401554814)	(6962557)	0

(b) Sensitivity

The sensitivity of profit or loss to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

	Impact on Profit before tax	
	31st March, 2021	31st March, 2020
USD Sensitivity		
INR/USD -Increase by 7%*	(56646972)	(28108837)
INR/USD -Decrease by 7%*	56646972	28108837
Euro Sensitivity		
INR/EUR-Increase by 7%*	(259970)	(487379)
INR/EUR-Decrease by 7%*	259970	487379

* Holding all other variables constant

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to risk of changes in market interest rates relates primarily to the Company's debt interest obligation. Further the Company engages in financing activities at market linked rates, any changes in the interest rate environment may impact future rates of borrowings. To manage this, the Company may enter into interest rate swaps. The management also maintains a portfolio mix of floating and fixed rate debt.

The Company's fixed rate borrowings and investments in term deposits with bank are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of changes in market interest rates.

(a) Interest Rate Risk Exposure

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	31st March, 2021	31st March, 2020
Variable Rate Borrowings	421562546	191024982
Fixed Rate Borrowings	1106645317	820696019
Total Borrowings	1528207864	1011720001

As at the end of the reporting period, the Company had the following variable rate borrowings outstanding:

	Weighted average interest rate(%)	Balance	% of Total Loans
31st March 2021			
Cash Credit/Packing Credit Facilities	4.05%	421562546	27.59
31st March 2020			
Cash Credit/Packing Credit Facilities	5.95%	191024982	18.88

An analysis by maturities is provided in Note 44(B)(ii) above. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

(b) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

	Impact on Profit before tax	
	31st March, 2021	31st March, 2020
Interest Rates - Increase by 100 basis points (100 bps) *	4280380	1900707
Interest Rates - Decrease by 100 basis points (100 bps) *	4150932	1919792

* Holding all other variables constant

(iii) Securities Price Risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

The Company invests its surplus funds in various debt instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments) and fixed deposits. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Mutual fund investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

(a) Securities Price Risk Exposure

The Company's exposure to securities price risk arises from investments in mutual funds held by the Company and classified in the Balance Sheet as fair value through profit or loss

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(iv) Commodity Price Risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's sales of dyes and intermediates, including the raw material components for such products. Cost of raw materials forms the largest portion of the Company's cost of sales. Market forces generally determine prices for the graphite electrodes sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sales of graphite electrodes. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

41 Capital Management

(a) Risk Management

The Company's objectives when managing capital are to

- * safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- * maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the net debt to equity ratio. Net debt are long-term and short-term debts as reduced by cash and cash equivalents. The Company is not subject to any externally imposed capital requirements.

The following table summarises the capital of the Company:

	31st March, 2021	31st March, 2020
Total Borrowings	1528207864	1011720001
Less: Cash and cash equivalents	8987524	251395418
Net Debt	1519220340	750324585
Equity	1503491552	1279011230
Total Capital (Equity+ Net Debt)	3082711892	2029935815
Net Debt to Equity ratio	49%	37%

No changes were made to the objectives, policies or processes for managing capital during the years ended 31st March, 2021 and 31st March, 2020.

(b) Dividends on Equity Shares

	31st March, 2021	31st March, 2020
Dividend Declared and Paid during the year		
Final dividend for the year ended 31st March, 2020 of Rs. 1.5 (31st March, 2019 – Rs. 1.5) per fully paid share	16992874	18992874
Dividend Distribution Tax on above	3459297	3459297
Interim dividend for the year ended 31st March, 2021 of Rs. 1.5 (31st March, 2020 – Rs. 1.5) per fully paid share	0	
Dividend Distribution Tax on above	0	
Proposed Dividend Not Recognised at the End of the Reporting Period		
In addition to the above dividend, since year end the directors have recommended the payment of a final dividend of Rs. 0 per fully paid share (31st March, 2020 – Rs. 1.5). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	0	0
Dividend Distribution Tax on above	0	0

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

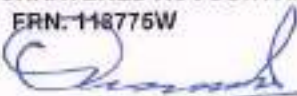
42 Assets Pledged/ Hypothecated as Security

	31st March, 2021	31st March, 2020
Current		
First Charge		
Financial Assets		
Trade Receivables under Bill Discounting (Refer below)	97867498	138476156
Other Trade Receivables	(97867498)	(138476156)
Non-financial Assets		
Inventories	361820569	364075956
Sub-total	361820569	364075956
Non-current		
First Charge/Second Charge		
ASSETS UNDER CONSTRUCTION	1943018301	711087565
Leasehold Land	15652975	15651790
Buildings	127602507	133237297
Plant and Equipments	191294615	200231740
Furniture and Fixtures	844410	995288
Office Equipments	1120193	1130678
Vehicles	4929725	6189326
Sub-total	2284462726	1068523684
Total	2646083295	1432599640

Trade Receivables under Bill Discounting

The carrying amount of trade receivables include receivables which are subject to bill discounting arrangement. Under this arrangement, the Company has discounted the relevant receivables in exchange of cash and is prevented from selling or pledging the receivables. However, the Company has retained late payment and credit risk. The Company therefore continues to recognise such receivables in their entirety in its balance sheet. The amount payable under the bill discounting arrangement is presented as secured borrowings (Refer Note 15).

FOR ASIM RAVINDRA & ASSOCIATES
CHARTERED ACCOUNTANTS.
ERN-118775W



[RAVINDRA MEHTA]
PARTNER
M. No. 043051




Place : Ahmedabad.
Date : 05/06/2021

DYNEMIC PRODUCTS LIMITED


(B. K. Patel)
Managing Director


(D. B. Patel)
Director


(R. B. Patel)
Director


(Anisha Patel)
Chief Financial Officer


(Varsha Mehta)
Company Secretary

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2021, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

Commissioning of new Manufacturing Facility in Dahej, Bharuch

Our Company has commenced commercial operations at our manufacturing unit located at Dahej Industrial Estate, Bharuch ("Unit III") in Fiscal 2022. The said manufacturing facility is engaged in manufacturing of food colours and dye intermediates and the combined installed capacity of said manufacturing unit is 14,904 MT per annum.

Sanction of new term loan facilities

The Company, pursuant to sanction letter dated January 24, 2022 with HDFC Bank has been sanctioned Working Capital Term Loan of ₹2,583.00 lakhs. The said loan is secured by second ranking charge over existing primary and collateral securities including mortgages created in favour of the Bank. As on March 31, 2022, the balance outstanding is ₹2,583.00 lakhs.

Enhancement of existing working capital facilities

The Credit limits of the Company with HDFC Bank has been enhanced to ₹2,500.00 lakhs from present limit of ₹1,500.00 lakhs pursuant to sanction letter dated September 22, 2021.

ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from the Audited Consolidated Financial Statements and Limited Review Unaudited Consolidated Financial Statements. For details refer chapter titled “Financial Statements” on page 82.

Accounting Ratios:

Particulars	Based on Unaudited Consolidated Financial Statements		Based on Audited Consolidated Financial Statements	
	As at and for the nine months ended December 31, 2021 [^]	As at and for the nine months ended December 31, 2020 [^]	As at and for the year ended March 31, 2021	As at and for the year ended March 31, 2020
Basic earnings per share (₹)	16.79	20.04	25.06	21.10
Diluted earnings per share (₹)	16.79	20.04	25.06	21.10
Return on Net Worth (%)	10.84	15.06	18.22	18.88
Net Asset Value per Equity Share (₹)	154.86	133.05	138.07	113.01
EBITDA [#] (in ₹ lakhs)	3,358.72	3,404.50	4,401.06	3,711.43

[^] not annualised

[#] EBITDA excludes share of net profit after tax of associates accounted for using the equity method amounting to ₹(0.20) lakhs for nine months ended December 31, 2021, ₹(0.19) lakhs for nine months ended December 31, 2020, ₹(0.15) lakhs for the Fiscal 2021 and ₹2.20 lakhs for the Fiscal 2020, respectively.

The formula used in the computation of the above ratios are as follows:

Basic earnings per share	Net Profit after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) after exceptional item, as applicable divided by Weighted Average number of Equity Shares.
Diluted earnings per share	Net Profit after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) after exceptional item, as applicable divided by Weighted Average number of Equity Shares (including convertible securities).
Return on net worth (in %)	Profit for the period / year as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income) divided by Net worth at the end of the period / year on consolidated basis.
Net asset value per Equity Share	Net Worth on consolidated basis divided by the number of Equity Shares outstanding for the period/year.
EBITDA	Profit for the year before finance costs, tax, depreciation, amortization and exceptional items as presented in the consolidated statement of profit and loss.

Calculation of Return of Net Worth

(In ₹ lakh, unless otherwise specified)

Particulars	For the nine month period ended December 31, 2021	For the nine month period ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Net Profit after Tax (before OCI) (A)	1,901.96	2,270.19	2,849.41	2,417.14
Net Worth (B)	17,543.60	15,073.02	15,641.65	12,802.83
Return of Net Worth (A/B) (%)	10.84	15.06	18.22	18.88

Calculation of Net asset value per Equity Share

(In ₹ lakh, unless otherwise specified)

Particulars	As at December 31, 2021	As at December 31, 2020	As at March 31, 2021	As at March 31, 2020
Net Worth (A) (₹ in lakhs)	17,543.60	15,073.02	15,641.65	12,802.83
No. of Equity Shares (B) (in numbers)	1,13,28,449	1,13,28,449	1,13,28,449	1,13,28,449
Net Assets Value per Equity Shares [(A x 100,000) / B]	154.86	133.05	138.07	113.01

Calculation of EBITDA

(In ₹ lakh, unless otherwise specified)

Particulars	For the nine months period ended December 31, 2021	For the nine months period ended December 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Net Profit after Tax	1,901.96	2,270.19	2,849.41	2,417.14
Add: Taxes Expense / (credit)	258.92	790.10	980.01	798.58
Add: Exceptional Items	-	-	-	-
Profit Before Tax	2,160.88	3,060.29	3,829.42	3,215.72
Less: Share of profit of JV and associates	(0.20)	(0.19)	(0.15)	2.20
Add: Finance Costs	468.4	85.89	227.77	157.19
EBIT	2,629.48	3,146.37	4,057.34	3,370.71
Add: Depreciation and Amortization	729.24	258.13	343.72	340.72
EBITDA	3,358.72	3,404.50	4,401.06	3,711.43

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

You should read the following discussion of our financial condition and results of operations together with our Limited Review Unaudited Consolidated Financial Statements for the nine months period ended December 31, 2021 and Audited Consolidated Financial Statements for the year ended March 31, 2021 and March 31, 2020, all prepared in accordance with the Companies Act and Ind AS, including the schedules, annexures and notes thereto and the reports thereon, included in the chapter titled "Financial Statements" on page 82 of this Letter of Offer. Unless otherwise stated, the financial information used in this section is derived from the Audited Consolidated Financial Statements of our Company.

This 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" on pages 20 and 16 respectively, of this Letter of Offer.

Our fiscal year ends on March 31 of each year, so all references to a particular "fiscal year" and "Fiscal" are to the twelve (12) month period ended March 31 of that fiscal year. References to the "Company", "we", "us" and "our" in this chapter refer to Dynemic Products Limited, as applicable in the relevant fiscal period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

We are engaged in the business of manufacturing and sale of different grades of food colours, lake colours, blended or preparation colours, salt free colours, D&C colours, etc. (collectively known as '**Food Colours**') and dye intermediates. Our Food Colours are used for various applications including food & beverages, confectionary, pharmaceuticals, feeds, cosmetics, homecare, personal care, inkjet inks etc. Our Food Colours are used as additives to either enhance the original colours associated with the products which otherwise fade or disappear due to light, air, temperature and moisture or to provide a colorful identity to products. With increasing consumer awareness towards safety and quality in the products they use, Food Colours are also used in products like toys, stationery, toiletry products, food ink, tattoo ink, etc. instead of industrial dyes. Our Food Colours are sold in powder and granular forms to our customers.

Our dye intermediates are used to produce dyes such as reactive dyes, acid dyes, disperse dyes, ramazole dyes, etc. as well as pigments, which have various applications in textile, leather, paper, plastic industries, etc.

We operate three manufacturing units in Gujarat, out of which, Unit I and Unit II are situated at GIDC, Ankleshwar and Unit III is situated at Dahej Industrial Estate, Bharuch ("**manufacturing units**"). Unit I is primarily engaged in manufacturing of food colours and dye intermediates and Unit II is engaged in manufacturing of food colours, lake colours and D&C colours which caters to the domestic and international customers such as manufacturers, merchants, distributors and exporters. In Fiscal 2022, we have commenced commercial production of food colours and dye intermediates at our newly setup Unit III. Dye intermediates produced at our Unit III are consumed captively to manufacture our food colours and also being sold to our domestic and international customers.

Our manufacturing facilities are strategically located in close proximity to the Hazira port. Our manufacturing units located at GIDC, Ankleshwar are FSSC 22000, ISO 9001:2015, ISO 14001, WHO GMP certified and products of our Company carry Halal & Kosher certification.

We sell our products to our customers situated in India as well as overseas. Our customer base is spread across more than 50 countries which includes countries like USA, Brazil, Argentina, Colombia, U.K., France, Italy, Spain, Saudi Arabia, China, Japan, South Korea, Russia etc. We sell our products directly to our customers which include merchants, distributors, exporters and manufacturers of food, cosmetic, pharmaceutical products etc. During the Fiscal 2020, Fiscal 2021 and nine-months period ended December 31, 2021, exports of our products accounted for 59.00%, 66.65% and 69.74%, of our revenue from operations, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the chapter titled '*Risk Factors*' on page 20 of this Letter of Offer. The following is a

discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Factors affecting the food and lake colour industry;
- Increasing competition in the Industry;
- Ability to comply with the quality requirements of customers as well as regulatory authorities;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange rates, interest rates and tax laws in India

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Limited Review Unaudited Consolidated Financial Statements and Audited Consolidated Financial Statements. For details of our significant accounting policies, please refer chapter titled “*Financial Statements*” on page 82 of this Letter of Offer.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS:

Except as mentioned in chapter titled “*Financial Statements*” on page 82, there has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details, please refer chapter titled “*Financial Statements*” on page 82 of this Letter of Offer.

Principal components of our statement of profit and loss account

Revenue

Our revenue comprises of:

Revenue from operations

Revenue from operations is due to sales of products which are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. It also includes export incentives, exchange difference, cash discount received and miscellaneous receipts.

Other Income

Other income primarily comprises recurring income which includes interest income on fixed deposits placed with banks and financial institutions, interest on GEB and ETL deposits, rent income, as well as certain non-recurring income such as dividend received, refund / reversal of expenses and miscellaneous income.

Expenses

Our expenses primarily comprise cost of material consumed, purchase of stock in trade, changes in inventories of stock-in-trade, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

Purchase of stock-in-trade

The purchase of stock-in-trade comprises of purchase of various chemical items for raw materials.

Changes in inventories of stock-in-trade

Changes in inventories of stock-in-trade comprises of difference in closing balance vis a vis opening balance of finished goods, work in progress materials and trading stocks.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, gratuity, bonus, commission, contribution to provident fund & other funds and staff welfare & training expenses.

Other expenses

Other expenses comprise of selling and distribution cost, sales commission paid, other manufacturing expenses, security expense, legal and consultancy charges, repair & maintenance expenses, freight, insurance & clearing charge and other miscellaneous expenses.

Earnings before Interest Taxes Depreciation and Amortization (EBITDA)

EBITDA comprises of operating earnings before interest, tax, depreciation and amortization.

Finance cost

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans and unsecured loans, interest on income tax and TDS. Other finance charges consist of bank commission, letter of credit charges, interest on buyer's credit, loan processing charges, commission on bank guarantee, loan repayment charges, premium paid on forward cover and working capital loan renewal charges.

Depreciation and Amortisation Expense

Depreciation and amortization expense comprises of depreciation on building, plant and machinery, office equipment, furniture & fixtures, vehicles, computers, etc. and amortization of intangible assets.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Results of our Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(in ₹ Lakhs)

Particulars	Nine Months ended December 31, 2021		Nine Months ended December 31, 2020		Fiscal 2021		Fiscal 2020	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total revenue
Revenue								
Revenue from Operations	18,015.11	99.94%	14,794.92	99.65%	20,558.56	99.70%	18,226.97	99.50%
Other Income	10.62	0.06%	51.54	0.35%	61.05	0.30%	91.22	0.50%
Total Revenue	18,025.73	100.00%	14,846.46	100.00%	20,619.61	100.00%	18,318.19	100.00%
Cost of material consumed	9,885.32	54.84%	6,602.98	44.48%	9,930.91	48.16%	9,763.77	53.30%
Purchase of Stock-in-Trade	752.11	4.17%	720.65	4.85%	1,073.08	5.20%	933.35	5.10%
Changes in Inventories of Stock-in-Trade	(1,114.27)	(6.18%)	728.01	4.90%	215.30	1.04%	(752.17)	(4.11%)
Employee Benefit Expense	851.03	4.72%	658.80	4.44%	1,072.09	5.20%	931.03	5.08%
Financial Costs	468.40	2.60%	85.89	0.58%	227.77	1.10%	157.19	0.86%
Depreciation and Amortization Expense	729.24	4.05%	258.13	1.74%	343.72	1.67%	340.72	1.86%
Other Expenses	4,292.82	23.81%	2,731.51	18.40%	3,927.17	19.05%	3,730.78	20.37%
Total Expenses	15,864.65	88.01%	11,785.97	79.39%	16,790.04	81.43%	15,104.67	82.46%
Profit Before share of Joint Venture and Associates, Exceptional and Extra Ordinary items and Tax	2,161.08	11.99%	3,060.49	20.61%	3,829.57	18.57%	3,213.52	17.54%
Share of Joint Venture and Associates, net of tax	(0.20)	0.00%	(0.19)	0.00%	(0.15)	0.00%	2.20	0.01%
Profit Before	2,160.88	11.99%	3,060.30	20.61%	3,829.42	18.57%	3,215.72	17.55%

Particulars	Nine Months ended December 31, 2021		Nine Months ended December 31, 2020		Fiscal 2021		Fiscal 2020	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total revenue
Exceptional and Extra Ordinary items and Tax								
Exceptional Item	-	-	-	-	-	-	-	-
Profit Before Tax	2,160.88	11.99%	3,060.30	20.61%	3,829.42	18.57%	3,215.72	17.55%
Tax expense:								
- Current Tax	258.92	1.44%	790.10	5.32%	1,000.84	4.85%	877.63	4.79%
- Deferred tax	-	0.00%	-	0.00%	(20.83)	(0.10%)	(79.05)	(0.43%)
Net Tax expenses	258.92	1.44%	790.10	5.32%	980.01	4.75%	798.58	4.36%
Profit / (Loss) for the period	1,901.96	10.55%	2,270.20	15.29%	2,849.41	13.82%	2,417.14	13.20%

Nine Months ended December 31, 2021

Our total revenue consists of revenue from operations and other income. In the nine months ended December 31, 2021, our total revenue was ₹18,025.73 Lakhs, primarily on account of sales of products.

Revenue from Operations

Revenue from operations consists of revenue from sales of products and other operating income. Revenue from operations was ₹18,015.11 Lakhs, primarily on account of sales of products, which was ₹17,324.36 Lakhs for the nine months ended December 31, 2021.

Other Income

Other income primarily comprises recurring income which includes interest income on fixed deposits placed with banks and financial institutions, interest on GEB and ETL deposits, rent income, as well as certain non-recurring income such as dividend received, refund / reversal of expenses and miscellaneous income. Our other income was ₹10.62 Lakhs, primarily on account of interest on bank fixed deposits, which was ₹8.55 Lakhs for the nine months ended December 31, 2021.

Expenses other than finance costs, depreciation and amortization expense

Total expenses comprise cost of material consumed, purchases of Stock-in-trade, changes in inventories of stock-in-trade, employee benefit expenses, finance costs, other expenses, and depreciation and amortization expense. In the nine months ended December 31, 2021, our total expenses were ₹15,864.65 Lakhs, representing 88.01% of our total revenue in such period.

Cost of material consumed

Cost of material consumed consist of various raw materials purchased and consumed in manufacturing of our products. In the nine months ended December 31, 2021, our cost of material consumed was ₹9,885.32 Lakhs.

Purchases of Stock-in-trade

Purchase of Stock-in-trade consists of purchase of various chemical items which are used with raw materials. In the nine months ended December 31, 2021, our purchase of stock-in-trade was ₹752.11 Lakhs.

Changes in inventories

Changes in inventories consist of difference in closing balance vis a vis opening balance of Finished Goods, Work-in-Progress and Trading Stocks. In the nine months ended December 31, 2021, our change in inventories was ₹(1,114.27) Lakhs.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, gratuity, bonus, commission, contribution to provident fund & other funds and staff welfare & training expenses. In the nine months ended December 31, 2021, our employee benefit expense was ₹851.03 Lakhs.

Other expenses

Other expenses comprises of selling and distribution cost, sales commission paid, other manufacturing expenses, security expense, legal and consultancy charges, repair & maintenance expenses, freight, insurance & clearing charge and other miscellaneous expenses. In the nine months ended December 31, 2021, our other expense was ₹4,292.82 Lakhs, which included other manufacturing expense at ₹3,866.68 Lakhs and other administrative expenses at ₹426.14 Lakhs.

Earnings before Interest Taxes Depreciation and Amortization (EBITDA)

EBITDA comprises of earnings before interest, tax, depreciation and amortization. It has been arrived by obtaining the profit before tax for the year / period (excluding share of net profit / loss of Joint Venture and

Associates) and adding back finance costs, depreciation, amortization and impairment expense. For the nine months ended December 31, 2021, our EBITDA was ₹3,358.72 Lakhs.

Finance costs

Finance cost comprises interest expense and other finance costs. In the nine months ended December 31, 2021, our finance cost was ₹468.40 Lakhs.

Depreciation and amortization expense

Depreciation and amortization expense comprise of depreciation on building, plant and machinery, office equipment, furniture & fixtures, vehicles, computers and amortization of intangible assets. In the nine months ended December 31, 2021, our Depreciation and amortization expense was ₹729.24 Lakhs.

Profit before Tax

For the reasons discussed above, our profit/(loss) before tax was ₹2,160.88 Lakhs in the nine months ended December 31, 2021.

Tax expense

Our tax expenses include current tax and deferred tax charge/ credit. Our tax expense in the nine months ended December 31, 2021 were ₹258.92 Lakhs, on account of current tax expense.

Profit for the nine months ended December 31, 2021

For the reasons discussed above, our profit/(loss) after tax for nine months period ended December 31, 2021 was ₹1,901.96 Lakhs. Our profit margin, calculated as our profit for the period, presented as a percentage of our total revenue, was 10.55% in the nine months ended December 31, 2021.

Comparison of Historical Results of Operations

Nine months period ended December 31, 2021 compared with nine months period ended December 31, 2020

Total Revenue

Our total revenue for the nine months ended December 31, 2021 was ₹18,025.73 Lakhs as compared to ₹14,846.46 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 21.41%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the nine months ended December 31, 2021 was ₹18,015.11 Lakhs as compared to ₹14,794.92 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 21.77%. This is primarily due to increase in volume as well as prices of goods sold.

Other income

Other income for the nine months ended December 31, 2021 was ₹10.62 Lakhs as compared to ₹51.54 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 79.39%. The increase in other income was primarily due to increase in interest income on fixed deposits with banks.

Expenses

Our total expenditure for the nine months ended December 31, 2021 was ₹15,864.65 Lakhs as compared to ₹11,785.97 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 34.61%. Total expenditure comprises of:

Cost of materials consumed

The cost of material consumed for the nine months ended December 31, 2021 was ₹9,885.32 Lakhs as compared to ₹6,602.98 Lakhs for the corresponding nine months ended December 31, 2020 representing an increase of 49.71%. The change was due to commencement of operations in Unit III in third quarter of Fiscal 2022 which resulted into increase in consumption of raw materials.

Purchase of Stock-in-trade

The purchase of stock-in-trade for the nine months ended December 31, 2021 was ₹752.11 Lakhs as compared to ₹720.65 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 4.37%. This increase was due to an increase in the purchase of stock in trade of other traded products during the period.

Changes in Inventories of Stock-in-Trade

The changes inventories of stock-in-trade for the nine months ended December 31, 2021 was ₹(1,114.27) Lakhs as compared to ₹728.01 Lakhs for the year corresponding nine months ended December 31, 2020, primarily due to increase in closing inventory due to commencement of operations in Unit III in third quarter of Fiscal 2022 and increase in consumption of raw materials.

Employee benefit expenses

Employee benefit expense for the nine months ended December 31, 2021 was ₹851.03 Lakhs as compared to ₹658.80 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 29.18%. This was due to increase in salaries, wages and bonus due to commencement of operation in Unit III in third quarter of Fiscal 2022.

Other expenses

Other expenses for the nine months ended December 31, 2021 was ₹4,292.82 Lakhs as compared to ₹2,731.51 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 57.16%. The increase was mainly due to commencement of operation in Unit III in third quarter of Fiscal 2022 and increase in fuel prices and logistic cost.

Earnings before Interest Taxes Depreciation and Amortization (EBITDA)

EBITDA for the nine months ended December 31, 2021 was ₹3,358.72 Lakhs as compared to ₹3,404.50 Lakhs for the corresponding nine months ended December 31, 2020, representing a decrease of 1.34%. The decrease in EBITDA was due to higher manufacturing cost.

Finance cost

Finance cost for the nine months ended December 31, 2021 was ₹468.40 Lakhs as compared to ₹85.89 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 445.35%. The increase in finance cost is on account of termination of capitalization of finance cost due to commencement of operation in Unit III in third quarter of Fiscal 2022.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the nine months ended December 31, 2021 was ₹729.24 Lakhs as compared to ₹258.13 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 182.51%. The increase is due to commencement of operation in Unit III in Fiscal 2022.

Profit/Loss before Tax

The profit/(loss) before tax for the nine months ended December 31, 2021 was ₹2,160.88 Lakhs as compared to ₹3,060.30 Lakhs for the corresponding nine months ended December 31, 2020. The decrease was primarily on account of increase in cost of manufacturing and increase in depreciation due to commencement of operation in Unit III in third quarter of Fiscal 2022.

Taxation

Total tax expense for the nine months ended December 31, 2021 was ₹258.92 Lakhs as compared to ₹790.10 Lakhs for the corresponding nine months ended December 31, 2020, representing a decrease of 67.23%. The decrease was due to higher deduction available on account of depreciation and finance cost due to commencement of operation in Unit III in third quarter of Fiscal 2022.

Profit/Loss after Tax

As a result of the aforesaid analysis, our Company earned a net profit for the nine months ended December 31, 2021 of ₹1,901.96 Lakhs as compared to ₹2,270.19 Lakhs for the corresponding nine months ended December 31, 2020, representing an increase of 16.22%.

Fiscal 2021 compared to Fiscal 2020

Total Revenue

Our total revenue for the year ended March 31, 2021 was ₹20,558.56 Lakhs as compared to ₹18,226.97 Lakhs for the year ended March 31, 2020, representing an increase of 12.79%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for the year ended March 31, 2021 was ₹20,619.61 Lakhs as compared to ₹18,318.19 Lakhs for the year ended March 31, 2020, representing an increase of 12.56%. This is primarily due to increase in volume as well as prices of goods sold.

Other income

Other income for the year ended March 31, 2021 was ₹61.05 Lakhs as compared to ₹91.22 Lakhs for the year ended March 31, 2020, representing a decrease of 33.07%. The decrease in other income was primarily due to lower interest income from bank fixed deposit.

Expenses

Our total expenditure for the year ended March 31, 2021 was ₹ 16,790.04 Lakhs as compared to ₹ 15,104.67 Lakhs for the year ended March 31, 2020, representing an increase of 11.16%. Total expenditure comprises of:

Cost of materials consumed

The cost of material consumed for the year ended March 31, 2021 was ₹9,930.91 Lakhs as compared to ₹9,763.77 Lakhs for the year ended March 31, 2020 representing an increase of 1.71%. The change was due to increase in prices of key raw materials and growth in volume of material consumed.

Purchase of Stock-in-trade

The purchase of stock-in-trade for the year ended March 31, 2021 was ₹1,073.08 Lakhs as compared to ₹933.35 Lakhs for the year ended March 31, 2020, representing an increase of 14.97%. This increase was due to an increase in the purchase of stock in trade of other traded products during the period.

Changes in Inventories of Stock-in-Trade

The changes inventories of stock-in-trade for the year ended March 31, 2021 was ₹215.30 Lakhs as compared to ₹(752.17) Lakhs for the year ended March 31, 2020, primarily due to increase in closing inventory and increase in consumption of raw materials in line with growth of our business.

Employee benefit expenses

Employee benefit expense for the year ended March 31, 2021 was ₹1,072.09 Lakhs as compared to ₹931.03 Lakhs for the year ended March 31, 2020, representing an increase of 15.15%. This was due to increase in salaries, wages and bonus.

Other expenses

Other expenses for the year ended March 31, 2021 was ₹3,927.17 Lakhs as compared to ₹3,730.78 Lakhs for the year ended March 31, 2020, representing an increase of 5.26%. The increase was mainly due to increase in other manufacturing cost of our products.

Earnings before Interest Taxes Depreciation and Amortization (EBITDA)

EBITDA for the year ended March 31, 2021 was ₹4,401.06 Lakhs as compared to ₹3,711.43 Lakhs for the year ended March 31, 2020, representing an increase of 18.58%. The increase in EBITDA was due to higher operating margins.

Finance cost

Finance cost for the year ended March 31, 2021 was ₹227.77 Lakhs as compared to ₹157.19 Lakhs for the year ended March 31, 2020, representing an increase of 44.90%. The increase in finance cost is due to increase in borrowings and other finance costs.

Depreciation and Amortisation Expense

Depreciation and amortization expense for the year ended March 31, 2021 was ₹343.72 Lakhs as compared to ₹340.72 Lakhs for the year ended March 31, 2020, representing an increase of 0.88%. The increase is due to increase in capital expenditure.

Profit/Loss before Tax

The profit/(loss) before tax for the year ended March 31, 2021 of ₹3,829.42 Lakhs as compared to ₹3,215.72 Lakhs for the year ended March 31, 2020. The improvement was primarily on account of improved EBITDA margins.

Taxation

Total tax expense for the year ended March 31, 2021 was ₹ 980.01 Lakhs as compared to ₹ 798.58 Lakhs for the year ended March 31, 2020, representing an increase of 22.72%. The increase was due to higher profit base and deferred tax adjustments.

Profit/Loss after Tax

As a result of the aforesaid analysis, our Company earned a net profit for the year ended March 31, 2021 of ₹2,849.41 Lakhs as compared to ₹2,417.14 Lakhs for the year ended March 31, 2020, representing an increase of 17.88%.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the chapter titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 20 and 86, respectively, of this Letter of Offer, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Letter of Offer, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the chapter titled "*Risk Factors*" on page 20 of this Letter of Offer.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the chapter titled "*Risk Factors*" and chapter titled "*Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on pages 20 and 86, respectively, and elsewhere in this Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company's future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume or increased sales prices

Increase in revenues is by and large linked to increase in sale of units of our existing products and increasing output volume of our products.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to intensify. However, on account of cost reduction and cost control, consistently delivering quality products, expansion into new markets and backward integration into production of key raw materials, we are able to stay competitive. For further details, kindly refer the chapter titled "*Our Business*" beginning on page 70 of this Letter of Offer.

New Product or Business Segment

Except as disclosed in "*Our Business*" on page 70, we have not announced and do not expect to announce in the near future any new business segments or change our product mix.

Prices of key raw materials

We are impacted by adverse increase in prices of key raw material, which may cause our cost of production to increase and resultantly our margins to shrink. We have long term business relationship with our key suppliers and also, we have implemented backward integration process to produce key raw materials in-house which will enable us to keep the cost of production within controllable limits. Hence, with the help of efficient manufacturing process and better management of resources, we do not expect adverse effect on the existing margins on our products. For further details, kindly refer the chapter titled "*Risk Factors*" beginning on page 20 of this Letter of Offer.

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Letter of Offer, particularly in chapter titled "*Risk Factors*" on page 20, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Related Party Transactions

For details, please refer to the discussion in the chapter titled "*Financial Statements – Related Party Transactions*" on page F54 of this Letter of Offer.

Significant developments after December 31, 2021 that may affect our future results of operations

Other than as disclosed in this Letter of Offer, there have been no significant developments after December 31, 2021 that may affect our future results of operations. For further information, refer the chapter titled "*Material Developments*" on page 83.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as disclosed herein below, there is no outstanding litigation involving our Company and/or our Subsidiary with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiary, (ii) material violations of statutory regulations by our Company and/or our Subsidiary, (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiary and (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our Company and/or our Subsidiary's operations or financial position.

The Board of Directors of the Company vide their resolution dated April 26, 2022 have determined that for the purposes of disclosure in the Letter of Offer, the outstanding litigations involving the Company and its Subsidiary shall be considered material if the aggregate amount involved which exceeds 1% of the turnover of the Company and/or 5% of the net profit of the Company as per the Audited Consolidated Financial Statements disclosed in the Letter of Offer in relation to the proposed rights issue of the equity shares of the Company; or outstanding litigations whose outcome could have a material impact on the business, operations, prospects or reputation of the Company.

It is clarified that for the purposes of the above, pre-litigation notices received by the Company and its Subsidiary, unless otherwise decided by the Board, shall not be evaluated for materiality until such time that such parties are impleaded as defendants in litigation proceedings before any judicial forum.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

I. Litigations involving our Company

- a) Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the Company.**

Nil

- b) Proceedings involving issues of moral turpitude or criminal liability on the part of the Company**

Nil

- c) Proceedings involving material violations of statutory regulations by our Company**

Nil

- d) Economic offences where proceedings have been initiated against our Company**

Nil

- e) Other select pending litigations involving the Company which are not material**

Appeal filed by the Company before the Commissioner of Income Tax (Appeals) Ahmedabad-I against Assessment Order dated November 19, 2019 in respect of A.Y.2012-2013

The Income-tax Department Ahmedabad had issued an Assessment Order dated November 19, 2019 inter-alia making an addition of ₹34,55,799/- as deemed dividend under Section 2(22)(e) of the IT Act and determined a sum of ₹12,92,270/- as payable by the Company towards income-tax in respect of A.Y.2013-2013. Further, the Office of the Deputy Commissioner of Income Tax Circle 1(1)(2), Ahmedabad had issued a notice of demand dated November 19, 2019 under Section 156 of the IT Act to the Company demanding a sum of ₹12,92,270/- from the Company towards income-tax. The Company filed an appeal bearing no. ITBA/APL/S/APL_1/2019-20/1024083177(1) on December 10, 2019 before the Commissioner of Income Tax (Appeals) Ahmedabad-I, inter-alia challenging the addition made under Section 2(22)(e) of the IT Act towards deemed dividend of ₹34,55,799/-. The Office of the Commissioner of Income-tax Appeals issued a notice dated January 21, 2020 to the Company fixing a hearing in the aforesaid appeal filed by the Company for March 12, 2020. Thereafter, the Office of the Assistant Commissioner of Income Tax Circle 1(1)(2), Ahmedabad issued a notice dated February 26, 2020 inter-alia stating that the current demand outstanding against the Company was ₹12,92,270/-, to provide the details of any appeal filed by the Company in that regard and that at least 20% of the same needs to be paid by the Company as per CBDT

instruction No.1914 dated March 21, 1996. The Income-tax Department issued a notice dated December 30, 2020 under Section 250 of the IT Act providing the Company an opportunity of opting for Vivad Se Vishwaas Scheme for expediting settlement of the appeal. The Company replied to the above-mentioned notice dated December 30, 2020 providing its submissions. The matter is currently pending.

Appeal filed by the Company before the Commissioner of Income Tax (Appeals), Ahmadabad against Assessment Order dated March 23, 2020 in respect of A.Y. 2017-2018

The Company filed their Return of Income for A.Y. 2017-18 dated October 3, 2017 declaring their total income as ₹20,58,01,340/-. The Income-tax Department Ahmedabad had issued an Assessment Order dated July 2, 2019 under Section 143(3) of the IT Act inter-alia disallowing an amount of ₹50,75,000/-. Thereafter, the Office of the Assistant Commissioner of Income-tax, Ahmedabad (“Assessing Officer”) issued a notice of demand dated July 2, 2019 under Section 156 of the IT Act to the Company demanding a sum of ₹17,56,355/- towards income-tax. The Assessing Officer has issued Company also received a notice dated March 13, 2020 to the Company calling upon the Company to show cause as to why a penalty under Section 270A of the IT Act should not be imposed on it. The Company filed its reply dated March 16, 2020 thereafter, the Assessing Officer issued an order dated March 23, 2020 under Section 270A of the IT Act determining the tax liability and penalty of ₹17,56,355/- and ₹35,12,712/, respectively. Being aggrieved by the aforesaid order, the Company filed an appeal dated February 8, 2021 inter-alia stating that the Company had already paid ₹18,39,754/- on April 12, 2019 prior the aforesaid assessment order being issued and challenging the imposition of the aforesaid penalty. The matter is currently pending.

Proceedings under Central Excise Act, 1994

The Company is involved in proceedings pending before the Assistant Commissioner of Central Goods and Services Tax, Division, Vadodra-II Commissionerate, Ankleshwar. The Company had availed CENVAT credit of Rs.24,62,181/- (Rupees Twenty Four Lakhs Sixty Two Thousand One Hundred and Eighty One) on service tax paid on banking and other financial services, general insurance service etc. which is alleged to have been wrongly availed by the Company and is liable to penal action under Cenvat Credit Rules, 2004.

Proceedings under CENVAT Credit Rules, 2004

Office of the Superintendent of Central Excise & Customs, Range-II, Division-II, Ankleshwar has issued various Show Cause Notices to the Company under Cenvat Credit Rules, 2004 read with Section 11A (1) of Central Excise Act, 1944 alleging that the Company has availed/utilized Cenvat Credit in respect of service tax paid towards outward freight for clearance of goods from their factory and towards certain other services holding the said service does not clarify as input service according to the definition under Rule 2(1) of Cenvat Credit Rules, 2004. The Authority has held that the Cenvat Credit availed by the Company on such services is not admissible to them and the same wrongful availment and utilization of Cenvat Credit. The aggregate amount involved in the said Show Cause Notices is Rs. 43,08,967/- (Rupees Forty Eight Lakhs Eight Thousand Nine Hundred Sixty Seven Only). The Company has filed replies to the said Show Cause Notices.

II. Litigations involving our Subsidiary

- a) **Pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of the Subsidiary.**

Nil

- b) **Proceedings involving issues of moral turpitude or criminal liability on the part of our Subsidiary**

Nil

- c) **Proceedings involving material violations of statutory regulations by our Subsidiary**

Nil

- d) **Economic offences where proceedings have been initiated against our Subsidiary**

Nil

GOVERNMENT AND OTHER APPROVALS

Our Company requires various consents, licenses, permissions and approvals from various central and state authorities under various rules and regulations for carrying on its present business activities. We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue. Such consents, licenses, permissions and approvals may be required to be renewed periodically and applications for the same are made at the appropriate stage.

Since, our Company intends to utilize the proceeds of the Issue to meet the incremental working capital requirement, no government and regulatory approval pertaining to the Object of the Issue will be required.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue has been authorized by the resolution passed by our Board at its meeting held on April 26, 2022 pursuant to Section 62 (1) (a) of the Companies Act, 2013 and other applicable provisions. The Rights Issue Committee has approved this Letter of Offer and the Record Date for the Issue at its meeting held on [●].

The Board of Directors of our Company has, at its meeting held on April 26, 2022, determined the Issue Price as ₹450.00/- per Rights Equity Share (including a premium of ₹440.00/- per Rights Equity Share) in consultation with the Lead Manager, and the Rights Entitlements as 1 (One) Rights Equity Share for every 20 (Twenty) fully paid up Equity Shares held on the Record Date.

On Application, Investors will have to pay ₹225.00/- per Rights Equity Share, which constitutes 50.00% of the Issue Price and the balance ₹225.00/- per Rights Equity Share which constitutes 50.00% of the Issue Price, will have to be paid, on First and Final Call, as determined by our Board at its sole discretion.

Our Company has received 'in-principle' approval from the BSE and NSE pursuant to Regulation 28(1) of SEBI Listing Regulations, *vide* their letters dated [●] and [●], respectively for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Our Company will also make applications to BSE and NSE to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circular.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, refer chapter titled "*Terms of the Issue*" beginning on page 109.

Prohibition by SEBI and other Governmental Authorities

Our Company, our Promoters, our Promoter Group or our Directors have not been and are not prohibited/debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The companies with which our Promoters or our Directors are associated as promoters or director have not been debarred from accessing the capital markets under any order or direction passed by SEBI.

Neither our Promoters nor any of our Directors have been declared a Fugitive Economic Offender as defined under SEBI ICDR Regulations.

Association of our Directors with the securities market

None of our Directors are associated with the securities market.

Prohibition by RBI

Neither our Company nor any of our Promoters or our Directors have been utilized or identified or declared as a Wilful Defaulter or Fraudulent Borrower.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Presently, the Equity Shares of our Company are listed on the BSE and NSE. Our Company is eligible to offer the Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations, to the extent applicable, in terms of the disclosures made in this Letter of Offer.

Further, our Company confirms that it is in compliance with the following:

- a) Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable, for the last one year immediately preceding the date of filing of this Letter of Offer with BSE and NSE;
- b) The reports, statements and information referred to in sub-clause (a) above are available on the website of BSE and NSE; and
- c) Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 99 of the SEBI ICDR Regulations

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of 'a fast track issue':

1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having, nationwide trading terminals, for a period of at least 3 years immediately preceding the date of filing this Letter of Offer with the Stock Exchanges;
2. The entire shareholding of our Promoters in our Company is held in dematerialised form as on the date of filing this Letter of Offer with the Stock Exchanges;
3. The average market capitalization of the public shareholding (as defined under the SEBI ICDR Regulations) of our Company is at least ₹ 25,000 lakhs in at least one of the Stock Exchanges where our Equity Shares are listed;
4. The annualized trading turnover of our Equity Shares during 6 calendar months immediately preceding the month of filing of this Letter of Offer with the Stock Exchanges has been at least 2% of the weighted average number of Equity Shares listed during such 6 months period;
5. The annualized delivery-based trading turnover of our Equity Shares during 6 calendar months immediately preceding the month of filing of this Letter of Offer with the Stock Exchanges has been at least 10% of the annualized trading turnover of Equity Shares during such 6 months period;
6. Our Company has been in compliance with the equity listing agreement and the SEBI Listing Regulations, for a period of at least 3 years immediately preceding the date of filing this Letter of Offer with the Stock Exchanges;
7. Our Company has not received any complaints from the Shareholders until the end of the quarter immediately preceding the month of filing this Letter of Offer with the Stock Exchanges;
8. No show-cause notices have been issued by SEBI which are pending against our Company, our Promoters, or Whole-time Directors as on the date of filing this Letter of Offer with the Stock Exchanges.
9. Our Company, or Promoters, and Promoter Group or Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism of SEBI in the 3 years immediately preceding the date of filing this Letter of Offer with the Stock Exchanges;
10. Our Equity Shares have not been suspended from trading as a disciplinary measure during 3 years immediately preceding the date of filing this Letter of Offer with the Stock Exchanges;

11. There is no conflict of interest between the Lead Manager and our Company in accordance with applicable regulations. The Company does not have any Group Company as on the date of the Letter of Offer;
12. Pursuant to letters dated April 26, 2022 (“**Subscription Letter**”), Our Promoters and members of our Promoter Group, have confirmed their intention to subscribe, to the full extent of their Rights Entitlements in the Issue, as prescribed under the SCRR, except to the extent of renunciation by certain members of Promoters and Promoter Group of their Rights Entitlement in favour other members of Promoter and Promoter Group in part or full. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations;
13. There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company in respect of the Financial Years for which such accounts are disclosed in this Letter of Offer.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be Allotted pursuant to this Issue. BSE Limited is the Designated Stock Exchange for the Issue. The present Issue being of less than ₹5,000 lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI, i.e. www.sebi.gov.in.

Disclaimer

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS REGULATIONS, 2018 IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●] IN THE FORMAT PRESCRIBED UNDER SCHEDULE V FORM (A) AI(E) OF THE SEBI ICDR REGULATIONS, WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER OF THE SUBJECT ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT**

VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

- a) **THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
 - b) **ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c) **THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THESE REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
3. **BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID-COMPLIED WITH**
 4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS - NOT APPLICABLE.**
 5. **WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE, BEING A RIGHTS ISSUE.**
 6. **ALL APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE, BEING A RIGHTS ISSUE.**
 7. **ALL APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE– NOT APPLICABLE, BEING A RIGHTS ISSUE.**
 8. **NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION - NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE.**
 9. **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE**

ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION - COMPLIED WITH TO THE EXTENT APPLICABLE.

10. FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER –

- a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, EXCLUDING SUPERIOR VOTING RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES - COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES), AND
 - b) AN UNDERTAKING FROM THE COMPANY THAT THE ISSUER SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI - COMPLIED WITH
- 11. WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 TO THE EXTENT APPLICABLE- NOTED FOR COMPLIANCE**
- 12. IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS, 2018.- NOT APPLICABLE, BEING A RIGHTS ISSUE- NOT APPLICABLE**
- 13. NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY — COMPLIED WITH.**
- 14. THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THE LETTER OFFER - COMPLIED WITH;**
- 15. THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS — NOTED FOR COMPLIANCE;**
- 16. ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE RIGHTS EQUITY SHARES OFFERED THROUGH THE ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN COMPLIED WITH AND NOTED FOR COMPLIANCE**
- 17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALIZATION OF THE RIGHTS EQUITY SHARES OF THE COMPANY COMPLIED WITH.**

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT 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 LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this Letter of Offer or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have been represented by our Company and the Lead Manager 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 Rights Equity Shares and are relying on independent advice/evaluation as to their ability and quantum of investment in this Issue.

Cautions

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Ahmedabad, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Disclaimer Clause of BSE

As required, a copy of Letter of Offer has been submitted to the BSE Limited (“**BSE**”). The disclaimer clause as intimated by BSE to the Company, post scrutiny of this Letter of Offer is set as below.

[●]

Disclaimer Clause of NSE

As required, a copy of this Letter of Offer has been submitted to the National Stock Exchange of India Limited (“**NSE**”). The disclaimer clause as intimated by NSE to the Company, post scrutiny of this Letter of Offer is set-out as below

[●]

Filing

In accordance with the SEBI ICDR Regulations, our Company has filed the copy of Letter of Offer with the BSE and NSE and Corporation Finance Department of SEBI, located at SEBI Bhavan, Western Regional Office, Panchavati Society, 1st Lane, Gulbai Tekra, Ahmedabad – 380 006, Gujarat, India and through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, for the purpose of their information and dissemination on its website. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of the Letter of Offer to the e-mail address: cfdil@sebi.gov.in.

Selling Restrictions

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are permitted under laws of such jurisdiction and does not

result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue materials. Further, the Letter of Offer will be provided through e-mail by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, and the Stock Exchanges, subject to the applicable law.

Our Company shall also endeavour to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except in India. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of Issue Materials (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer (“**Restricted Jurisdictions**”) and, under those circumstances, the Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares or for purchase of Rights Entitlements and should not be copied or redistributed. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document(s) into the United States or any other jurisdiction or to any person outside India where to do so would or might contravene local securities laws or regulations or would subject the Company, Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Issue Materials are received by any person in any Restricted Jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or purchase the Rights Entitlements referred to in Issue Materials. Rights Entitlements may not be transferred or sold to any person outside India. For more refer chapter titled, refer chapter titled “*Restrictions on Purchases and Resales*” on page 139.

Envelopes containing an Application Form should not be postmarked or otherwise dispatched from any Restricted Jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of these Rights Equity Shares in India.

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

Neither the delivery of the Issue Materials nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or any other Issue Materials or the date of such information.

The contents of this Letter of Offer and Abridged Letter of Offer should not be construed as business, legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager nor any of their respective affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares or the Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended (“**Securities Act**”), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (“**United States**” or “**U.S.**”) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act (“**Regulation S**”), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in India and in jurisdictions where such offer and sale of the Rights Equity Shares and/ Or Rights Entitlements are permitted under laws of such jurisdictions, but not in the United States. The offering to which this Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

Accordingly, this Letter of Offer / Abridged Letter of Offer, Rights Entitlement Letter and Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. No payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Rights Equity Shares offered in the Issue have not been approved or recommended by the securities authority or other regulatory authority of any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, Investor grievances are also tracked online by our Company through the SCORES mechanism. For more details, investors are requested to visit the website www.scores.gov.in.

Our Company has a Stakeholders’ Relationship Committee which meets at least once a year and as and when required. Its terms of reference inter-alia include considering and resolving grievances of shareholders in relation to transfer/ transmission of shares, non-receipt of annual report, issue of new/ duplicate certificates, effective exercise of voting rights etc. Bigshare Services Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investor Grievances arising out of the Issue

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The agreement between the Company and the Registrar to the Issue provides for a period for which records shall be retained by the Registrar to the Issue in order to enable the Registrar to the Issue to redress grievances of Investors.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, refer chapter titled “Terms of the Issue” on page 109.

Investors may contact the Registrar to the Issue at:

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Mumbai – 400072, Maharashtra, India.

Telephone: +91-22-62638200/22;

Fax: +91-22-62638299

Email: rightsissue@bigshareonline.com;

Investor grievance E-mail: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Contact Person: Vijay Surana

SEBI Reg. No.: INR000001385

Investors may contact the Company Secretary and Compliance Officer and/or Registrar to the Issue in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/demat credit/refund orders etc. The contact details of the Company Secretary and Compliance Officer are as follows:

Ms. Varsha Mehta

B-301, Satyamev Complex-1, Gandhi–agar - Sarkhej Highway Road,
Opp. New Gujarat High Court, Sola,
Ahme–abad - 380063, Gujarat India

Telephone: +91 79 2766 3071/76

E-mail: cs@dynemic.com

Website: www.dynemic.com

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circular, Investors proposing to apply in this Issue can apply only through ASBA.

Investors are requested to note that application in this Issue can only be made through ASBA, in case of Eligible Equity Shareholders.

OVERVIEW

This Issue is proposed to be issued on a rights basis, is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

Important:

1. Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circular, our Company will send / dispatch, at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (“**Issue Materials**”) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- (i) our Company at www.dynemic.com;
- (ii) the Registrar at www.bigshareonline.com;
- (iii) the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com;

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.dynemic.com).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. Our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue Material, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

2. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, refer “*Procedure for Application through the ASBA Process*” on page 120.

Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, titled “*Procedure for Application through the ASBA Process*” on page 120.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details refer “*Grounds for Technical Rejection*” 129. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. **Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements.** For details, refer chapter titled “*Application on Plain Paper under ASBA process*”.

3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our

Company on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

Eligible Equity Shareholders, whose Rights Entitlements are credited in demat suspense escrow account opened by our Company, are requested to provide relevant details (such as copies of self-attested PAN, valid address proof and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by [●], to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account is active, details of which have been provided to the Company or the Registrar, to facilitate the aforementioned transfer.

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.bigshareonline.com
- Updation of Indian address/ e-mail address/ mobile number in the records maintained by our Company: www.bigshareonline.com
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.bigshareonline.com
- Submission of self-attested PAN and valid Indian address proof client master sheet and demat account details by non-resident Eligible Equity Shareholders: rightsissue@bigshareonline.com

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for this Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements (ISIN: [●])

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

The Registrar will send/dispatch a Rights Entitlement Letter along with the Abridged Letter of Offer and the Application Form to all Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.bigshareonline.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date utilized in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (*i.e.*, www.bigshareonline.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (“Issue Materials”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. For further details, refer chapter titled “Notice to Investors” on page 12.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹10.

Issue Price

The Rights Equity Shares are being offered at a price of ₹450.00/- per Rights Equity Share (including a premium of ₹440.00/- per Rights Equity Share) in this Issue. On Application, Investors will have to pay ₹225.00/- per Rights Equity Share which constitutes 50.00% of the Issue Price and the balance ₹225.00/- per Rights Equity Share which constitutes 50.00% of the Issue Price, will have to be paid on the First and Final Call, as determined by our Board at its sole discretion.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 20 (Twenty) fully paid-up Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer. For details, refer “*Procedure for Renunciation of Rights Entitlements*” on page 121.

In accordance with SEBI Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to Issue Closing Date, will not be able to renounce their Right Entitlements.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialised form. A separate ISIN for the Rights Entitlements will be generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening Date and remain active for renunciation or transfer during the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN, valid address proof and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, *i.e.*, by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, *PER SE*, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, REFER “PROCEDURE FOR APPLICATION” ON PAGE 118.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circular, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN [●]. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade/transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchange on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled

on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialised form only. The market lot for trading of Rights Entitlements is one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, refer “*Procedure for Renunciation of Rights Entitlements - On Market Renunciation*” and “*Procedure for Renunciation of Rights Entitlements - Off Market Renunciation*” on pages 122 and 122, respectively. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, refer “*Procedure for Application*” on page 118.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

Payment Schedule of Rights Equity Shares

The Issue Price of ₹450.00/- per Rights Equity Share (including premium of ₹440.00/- per Rights Equity Share) shall be payable as follows:

Particular	Face Value (₹ per Rights Equity Share)	Premium (₹ per Rights Equity Share)	Total (₹ per Rights Equity Share)
On Application	5.00	220.00	225.00 ⁽¹⁾
On First and Final Call [#]	5.00	220.00	225.00 ⁽²⁾
Total	10.00	440.00	450.00

(1) Constitutes 50.00% of the Issue Price

(2) Constitutes 50.00% of the Issue Price

[#] To be paid at such time as may be determined by the Board at its sole discretion.

Rights Equity Shares in respect of which the Call payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/ blocked shall be refunded/ unblocked. The un-blocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Record date for Call and suspension of trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of holders of the Rights Equity Shares to whom the notice for the Call would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the Call has been made may be suspended prior to the Call Record Date.

Procedure for Call for Rights Equity Shares

Our Company would convene a meeting of our Board to pass the required resolutions for making the Call and suitable intimation would be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is situated), all with wide circulation.

The Call shall be deemed to have been made at the time when the resolution authorising such Call is passed at the meeting of our Board. The Call may be revoked or postponed at the discretion of our Board. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 30 days' notice for the payment of the Call. The Board may, from time to time at its discretion, extend the time fixed for the payments of the

Call. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Call, and if it does not receive the Call Money as per the timelines stipulated, the defaulting holders of the Rights Equity Shares will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Call made.

Payment of Call Money

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in calls for partly paid specified securities issued by the listed entity, the Investor may make payment of the Call Monies using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call Monies, in the Investor's ASBA Account. The Investor may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Monies.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 20 (Twenty) fully paid up Equity Shares held as on the Record Date. As per SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 20 (Twenty) fully paid up Equity Shares or is not in the multiple of 20 (Twenty) fully paid up Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 45 (Forty-Five) Equity Shares, such Equity Shareholder will be entitled to 2 (Two) Rights Equity Share and will also be given a preferential consideration for the Allotment of 1 (One) additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 20 (Twenty) fully paid-up Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be

proportional to their respective share of the paid-up equity capital of our Company. The Rights Equity Shares Allotted under this Issue shall, upon being fully paid-up, rank *pari passu* with the existing Equity Shares, in all respects including dividends

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approval, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE and NSE through letter bearing reference number [●] and [●] dated [●] and [●], respectively. Our Company will apply to the Stock Exchanges for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532707) and NSE (Scrip Code: DYNPRO) under the ISIN: INE256H01015. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing / trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approval, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and our Promoter Group

For details of the intent and extent of subscription by our Promoters and the Promoter Group, refer "*Capital Structure – Intention and extent of participation in the Issue by the Promoters and Promoter Group*" on page 46.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

- a) The right to receive dividend, if declared;
- b) The right to vote in person or by proxy except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- c) The right to receive surplus on liquidation;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law; and
- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act,

2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circular, our Company will send / dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (“**Issue Materials**”) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Gujarati language daily newspaper (Gujarati being the regional language of Ahmedabad, where our Registered Office is situated) and/or, will be sent by post or electronic transmission or other permissible mode to the addresses of the Eligible Equity Shareholders provided to our Company.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at rightsissue@bigshareonline.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent / dispatched to the Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by our Company by submitting their respective copies of self-attested proof of address, passport, etc. along with requires letter and PAN card copy at rightsissue@bigshareonline.com.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

For details of procedure for application by the Eligible Equity Shareholders holding Equity Shares in physical

form as on the Record Date, refer “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 126.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent/dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent/dispatched at least three days before the Issue Opening Date. The Renouncees and Eligible Equity Shareholders who have not received the Application Form can download the same from the website of the Registrar, our Company, the Lead Manager or the Stock Exchanges.

In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and other applicable Issue materials shall be sent/dispatched if they have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Our Company shall also endeavor to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholders eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- (i) our Company at www.dynemic.com;
- (ii) the Registrar at www.bigshareonline.com;
- (iii) the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net
- (iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.dynemic.com).

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, Investors are required to

submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. **Please note that Applications made with payment using third party bank accounts are liable to be rejected.**

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details refer heading “Grounds for Technical Rejection” on page 129. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, refer “Application on Plain Paper under ASBA process” on page 123.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

PROCEDURE FOR APPLICATION THROUGH THE ASBA PROCESS

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on

Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Company, its directors, employees, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the heading “*Application on Plain Paper under ASBA process*” on page 123.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the heading “*Basis of Allotment*” on page 132.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialised Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market

Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

THE LEAD MANAGER , THE REGISTRAR AND OUR COMPANY ACCEPT NO RESPONSIBILITY TO BEAR OR PAY ANY COST, APPLICABLE TAXES, CHARGES AND EXPENSES (INCLUDING BROKERAGE), AND SUCH COSTS WILL BE INCURRED SOLELY BY THE INVESTORS.

1. On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialised form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stockbroker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

2. Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements

available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper, in case of non-receipt of Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. **Applications on plain paper will not be accepted from any address outside India.**

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Dynamic Products Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total Application Money paid at the rate of ₹225.00 per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

*“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “**United States**”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will*

accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.bigshareonline.com.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of payment

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through ASBA facility, the Investor agrees to block the Application Money with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the Application Money, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable

on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their addresses if they have provided their Indian address to our Company and if they are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. This Letter of Offer will be provided by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company, shall be credited in a demat suspense escrow account opened by our Company.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN, valid address proof and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The Eligible Equity Shareholders can access the Application Form from:
 - our Company at www.dynemic.com;
 - the Registrar at www.bigshareonline.com;
 - the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net
 - the Stock Exchanges at www.bseindia.com and www.nseindia.com;

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.dynemic.com);

- (d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

PLEASE NOTE THAT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Allotment of the Rights Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT

IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE.

FOR DETAILS, REFER “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 133.

General instructions for Investors

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you.
- (c) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- (d) Application should be made only through the ASBA facility.
- (e) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (f) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper under ASBA process*” on page 123.
- (g) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- (h) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (i) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (j) Applications should not be submitted to the Bankers to the Issue (assuming that such Bankers to the Issue is not an SCSB), our Company or the Registrar or the Lead Manager.
- (k) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (l) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, **Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.**
- (m) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be

refunded and no interest will be paid thereon.

- (n) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (o) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (p) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (q) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (r) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (s) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (t) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialised form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

- (a) Do not apply if you are not eligible to participate in the Issue under securities laws applicable to your jurisdiction.
- (b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (c) Do not send your physical Application to the Lead Manager, the Registrar, the Bankers to the Issue (assuming that such Bankers to the Issue is not an SCSB), and a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.
- (e) Do not submit Application Form using third party ASBA account.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available

with the Registrar.

- (b) Sending an Application to the Lead Manager, Registrar, Bankers to the Issue (assuming that such Bankers to the Issue is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts.
- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Our Company may, in consultation with the Lead Manager and Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR

DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar or the Company. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the intimation of unblocking of ASBA Account or refund (if any) would be sent/dispatched to the address of the Investor as per the email address provided to our Company or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, refer "*Procedure for Applications by Mutual Funds*" on page 136.

In cases where multiple Application Forms are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters or members of Promoter Group for subscribing any unsubscribed portion of this Issue as described in "*Capital Structure –Intention and extent of participation in the Issue by the Promoters and Promoter Group*" on page 46.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application

Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the heading, “*Basis of Allotment*” on page 132.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, may withdraw their Application post the Issue Closing Date.

Issue Schedule

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION*	[●]
ISSUE CLOSING DATE[#]	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

* Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

[#] Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have-not provided the details of their demat accounts to our Company, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, refer “*General Information - Issue Schedule*” on page 43.

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchanges, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in

consultation with the Designated Stock Exchange and will not be a preferential allotment.

- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will send/dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary account (only in dematerialised mode) or in a demat suspense account or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay requisite interest as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialised form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds/refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form. Our Company has signed an agreement dated December 06, 2005 with NSDL and an agreement dated November 25, 2005 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Applicants only in dematerialised form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (with IEPF authority/ in suspense, *etc.*). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-issue equity share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity share capital of our Company, 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 that may be issued by our Company, the total investment made by the FPI or investor group 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 also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which maybe specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in

listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions 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. 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 ₹10.00 lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 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 upto three times of such amount. In case the fraud involves (i) an amount which is less than ₹1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

Payment by stockinvest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within the time limit specified by SEBI.
- 3) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the

Applicants.

- 6) Adequate arrangements shall be made to collect all ASBA Applications.
- 7) As on date the Company does not have any convertible debt instruments.
- 8) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Dynemic Products Limited – Rights Issue 2022**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Mumbai – 400072, Maharashtra, India.

Telephone: +91-22-62638200/22;

Fax: +91-22-62638299

Email: rightsissue@bigshareonline.com;

Investor grievance E-mail: rightsissue@bigshareonline.com

Website: www.bigshareonline.com

Contact Person: Vijay Surana

SEBI Reg. No.: INR000001385

3. In accordance with SEBI Rights Issue Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.bigshareonline.com). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties are 022- 6263 8200.

This Issue will remain open for a minimum 7 days. However, our Board or duly authorized committee thereof, will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (“**DPIIT**”) makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA. The DPIIT also issues the Consolidated Foreign Direct Investment Policy (“**FDI Policy**”) from time to time. The regulatory framework pertaining to foreign investment, over a period of time, thus, consists of acts, regulations, master circulars, press notes, press releases, and clarifications among other amendments.

India’s current FDI Policy issued by the DPIIT with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT till October 15, 2020. In terms of the FDI Policy, foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA Regulations has now been entrusted to the concerned Administrative Ministries/Departments.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the nonresident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI. As per Regulation 7 of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the RBI has given general permission to Indian companies to issue securities on rights basis to non-resident shareholders including additional securities under the rights issue. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018, as amended, issued by the RBI, non-residents may, inter alia, (i) subscribe for additional securities over and above their rights entitlement; (ii) renounce the securities offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the securities renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, Allotment of Rights Equity Shares and issue of Allotment advice. If an NR or NRI Investor has specific approval from the RBI, in connection with their shareholding, they should enclose a copy of such approval with the Application. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares

The Rights Equity Shares purchased by non- residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. The above information is given for the benefit of the Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND REALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Issue Shares in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements and the Issue Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the

Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these documents for inspection referred to hereunder, will be made available at our Registered Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated April 26, 2022 between our Company and the Lead Manager.
2. Registrar Agreement dated April 26, 2022 between our Company and the Registrar to the Issue.
3. Bankers to the Issue Agreement dated [●], 2022 among our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.

B. Material Documents in Relation to the Issue

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.
2. Certificate of incorporation dated June 14, 1990 and fresh certificate of incorporation pursuant to conversion to public company dated January 28, 1993.
3. Copies of annual reports of our Company for Fiscals 2021, 2020, 2019, 2018 and 2017.
4. Resolution of our Board of Directors dated April 26, 2022, approving the Issue, finalizing the terms of the Issue including Issue Price and the Rights Entitlement Ratio.
5. Resolution of our Board of Directors/Rights Issue Committee dated [●], for approving the Record Date.
6. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Bankers to our Company, Bankers to the Issue, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
7. The Audited Consolidated Financial Statements and Limited Review Unaudited Consolidated Financial Results along with reports dated June 5, 2021 and February 11, 2022 of the Statutory Auditors thereon included in this Letter of Offer.
8. Statement of Special Tax Benefits dated April 27, 2022 from the Statutory Auditors.
9. Tripartite Agreement dated December 6, 2005 between our Company, NSDL and the Registrar to the Issue.
10. Tripartite Agreement dated November 25, 2005 between our Company, CDSL and the Registrar to the Issue.
11. In-principle approvals dated [●] and [●] issued by BSE and NSE, respectively.
12. Due diligence certificate dated [●], 2022, addressed to SEBI from the Lead Manager.

Any of the contracts or documents mentioned in this Letter of Offer 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 notice to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Bhagwandas Kalidas Patel
Chairman and Managing Director

Date: [●]

Place: Ahmedabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Rameshbhai Bhagwandas Patel
Whole Time Director

Date: [●]

Place: Ahmedabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Dixit Bhagwandas Patel
Whole Time Director

Date: [●]

Place: Ahmedabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Jagdishbhai Sevantilal Shah
Independent Director

Date: [●]

Place: Ahmedabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Shankarlal Baluram Mundra
Independent Director

Date: [●]

Place: Ahmedabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Rashmi Kamlesh Otavani
Independent Director

Date: [●]

Place: Ahmedabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Amisha Patel
Chief Financial Officer

Date: [●]
Place: Ahmedabad