



**DIPNA PHARMACHEM LIMITED**

**DIPNA PHARMACHEM LIMITED**

**DRAFT TO BE UPDATED AND FINALIZED**


Our Company was originally incorporated as “Dipna Pharmachem Private Limited” under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated July 19, 2011 bearing Corporate Identification Number U24100GJ2011PTC066400 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, the name of Company was changed to “Dipna Pharmachem Private Limited” and a fresh certificate of incorporation was issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli on March 29, 2012. After that, our Company was converted from Private Limited to Public Limited Company pursuant to a special resolution passed by our shareholders at the EGM held on May 13, 2022 and consequently the name of our Company was changed as “Dipna Pharmachem Limited” and a fresh certificate of incorporation was issued by the Registrar of Companies, Ahmedabad dated May 25, 2022. For further details, please refer the chapter titled “History and Certain Corporate Matters” beginning on page 79 of this Letter of Offer. The CIN of the Company is L24100GJ2011PLC066400.

**Corporate Identification Number:** L24100GJ2011PLC066400

**Registered Office:** A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad - 380 055, Gujarat

**Telephone:** +91-9898066121; **Email id:** [dharchem99@yahoo.in](mailto:dharchem99@yahoo.in); **Website:** [www.dipnapharmachem.com](http://www.dipnapharmachem.com);

**Contact Person:** Mr. Keyur Dipakkumar Shah, Managing Director

PROMOTERS OF OUR COMPANY: MR. KEYUR DIPAKKUMAR SHAH		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF DIPNA PHARMACHEM LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY		
WHEREBY CONFIRM THAT NONE OF OUR PROMOTERS OR DIRECTORS ARE WILFUL DEFAULTERS AS ON DATE OF THIS LETTER OF OFFER		
ISSUE OF UPTO [•] <sup>#</sup> FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF RS. 10.00/- EACH (“EQUITY SHARES”) OF DIPNA PHARMACHEM LIMITED (“DPL” OR “DIPNA” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE) (“ISSUE PRICE”), AGGREGATING UPTO RS. 13,00,00,000/- ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [•] RIGHTS EQUITY SHARES FOR EVERY [•] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, I.E. [•] (THE “RECORD DATE”). THE ISSUE PRICE IS [•] TIMES OF FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 145 OF THIS LETTER OF OFFER.		
#ASSUMING FULL SUBSCRIPTION OF THE ISSUE.		
GENERAL RISKS		
Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their 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 this Issue, including the risks involved. The Rights Equity Shares have neither been recommended nor 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 the investors is invited to the section “Risk Factors” on page 24 of this Letter of Offer.		
OUR COMPANY’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 makes 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 Equity Shares are listed only on BSE Limited (“BSE”). Our Company has received ‘in-principle’ approval from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letter dated [•]. Our Company will also make an application to the Stock Exchange to obtain its trading approval for the right entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.		
REGISTRAR TO THE ISSUE	BANKER TO THE ISSUE	
 <b>Bigshare Services Private Limited</b> Pinnacle Business Park, Office No S6-2, 6 <sup>th</sup> , Mahakali Caves Rd, Next To Ahura Centre, Andheri East, Mumbai, Maharashtra 400093 Tel: 022 – 6263 8200 Email: <a href="mailto:rightsissue@bigshareonline.com">rightsissue@bigshareonline.com</a> Website: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> Contact Person: Mr. Jibu John SEBI Registration No: INR000001385	[•]	
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR MARKET RENUNCIATION*	ISSUE CLOSES 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 Renounees 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, provided that this Issue will not remain open in excess of 30 (Thirty) days from 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 DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Letter of Offer is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications there to notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

Provided that terms used in the sections/chapters titled **“Industry Overview”**, **“Summary of the Issue”**, **“Financial Information”**, **“Statement of possible Tax benefits”**, **“Outstanding Litigation and Material Developments”** and **“Issue Related Information”** on pages 55, 37, 94, 52, 135 and 145 and respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/chapters.

### Conventional/General Terms

Term	Description
“DPL”, “Dipna”, “the Company”, “our Company”, “Issuer” and “Dipna Pharmachem Limited”	Dipna Pharmachem Limited, incorporated under the Companies Act, 1956, having its Registered Office at A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad - 380 055, Gujarat.
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company.
Annual Audited Financial Statements	The Audited Financial Statements of our Company prepared for Fiscal Year 2022-23 and Unaudited Financial Results for the half year ended on September 30, 2023, prepared in conformity with the accounting principles generally accepted in India and accounting standards notified under Section 133 of the Companies Act, 2013, as amended.
Articles/Articles of Association / AOA	Articles of Association of our Company, as amended from time to time.
Auditors/Statutory Auditors	Our Statutory Auditors namely, M/s. Devadiya Associates, Chartered Accountants, Ahmedabad.
Board/Board of Directors	Board of Directors of our Company including a committee thereof.
Chief Financial Officer	Mr. Keyur Parmar, being Chief Financial Officer of the Company.
Compliance Officer	Mr. Keyur Parmar, being Compliance Officer of the Company.
Director(s)	Any or all director(s) of our Company, unless otherwise specified and as the context may require.
Equity Shareholder(s)/ Shareholder(s)	A holder of the Equity Shares of our Company.
Equity Share(s)	Equity Shares of our Company of face value of Rs. 10.00/- each.
Eligible Equity Shareholder(s)	Equity Shareholders whose names appear on the Register of Members of our Company or on the list of Register of Beneficial Owners of our Company maintained by the Depositories as at the end of business hours of the Record Date i.e., [•].
Executive Directors	Executive directors of our Company.
Financial Statements	Audited Standalone Financial Statements of our Company.
Independent Directors	The Independent Director(s) of our Company, in terms of Section 2 (47) and Section 149(6) of the Companies Act, 2013.
Key Managerial Personnel(s)/ KMP(s)	Key Managerial Personnel(s) of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in this Letter of Offer.
Limited Review Report and Financial Results	The Limited Review Report along with Unaudited Financial Results for the half year ended on September 30, 2023 of our Company prepared and published in accordance with Regulation 33 of the SEBI Listing Regulations.
Managing Director	Mr. Keyur Dipakkumar Shah is a Managing Director of our Company.
Memorandum/ Memorandum of Association/ MOA	Memorandum of Association of our Company, as amended from time to time.
Non - Executive Director	A Director, not being an Executive Director of our Company
Promoter	Mr. Keyur Dipakkumar Shah is Promoter of our Company. For further details, see “Our Management” on page 82 of this Letter of Offer.

Promoter Group	Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, 2018 and as disclosed by our Company in the filings made with the Stock Exchange under the SEBI Listing Regulations.
Registered Office	The Registered Office of our Company is situated at A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad - 380 055, Gujarat.
Registrar of Companies / ROC	Registrar of Companies, Gujarat is situated at ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad - 380013, Gujarat.
Rights Issue Committee	The committee of our Board constituted/designated for purposes of the Issue and incidental matters thereof.
Subsidiaries	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable accounting standard.

#### Business and Industry related Terms/Abbreviations

Term / Abbreviation	Description / Full Form
AIIMS	All India Institute of Medical Sciences
API	Active Pharmaceuticals Ingredients
ARVs	Antiretrovirals
CDSCO	Central Drugs Standard Control Organisation
COD	Chemical Oxygen Demand
DCGI	Drugs Controller General of India
DIPP	Department of Industrial Policy and Promotion
FDA	Food and Drug Administration
FPP	Finished Pharmaceutical Product
HIV	Human Immunodeficiency Virus
IAP	Indian Academy of Pediatrics
IP	Indian pharmacopoeia
IPA	Indian Pharmaceutical Association
ISPE	International Society for Pharmaceutical Engineering
IV	(Intravenous)
OHSAS	Occupational Health and Safety Assessment Series
PM	Packing Material
RM	Raw Material
WHO	World Health Organization

#### Issue Related Terms

Term	Description
Abridged Letter of Offer	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations, 2018 and the Companies Act, 2013.
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot/Allotment/Allotted	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) and amount 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, 2013.
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, [•]
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.
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 Renouncee (s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer, including an ASBA Investor.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch 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 in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount/ASBA	Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing a SCSB to block the Application Money in the ASBA Account.
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Applicant/ ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncees) shall make an application for a rights issue only through ASBA facility.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue, in this case being, [•].
Bankers to the Issue Agreement	Agreement dated [•] entered into by and amongst our Company, the Registrar to the Issue and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be allotted to successful applicants in the Issue and which is described in “Terms of the Issue” on page 145.
BSE	BSE Limited
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of SCSBs, which coordinate Bids under the Issue with the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> .
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.
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.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited.
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date i.e. [•]. Please note that the investors who are eligible to participate in the Issue (exclude certain overseas shareholders). For further details, see “Notice to Investors” on page 14.
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being, [•].
FII/ Foreign Institutional Investors	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended] registered with SEBI under applicable laws in India.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018.
IEPF	Investor Education and Protection Fund.
ISIN	International Securities Identification Number.
Issue/ Rights Issue	Upto [•] <sup>#</sup> Fully Paid-up Rights Equity Shares of face value of Rs. 10.00/- each, at a price of Rs. [•] per share (including share premium of Rs. [•] per share) not exceeding an amount of Rs. 13,00,00,000/- on a Rights basis to the Eligible Equity Shareholders of our Company in the ratio of [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [•]. <sup>#</sup> Assuming full subscription of 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	Rs. [•] per share (including Rs. [•] as share premium)
Issue Proceeds	Gross proceeds of the Issue.
Issue Size	Upto [•] <sup>#</sup> Fully Paid-up Rights Equity Shares of face value of Rs. 10.00/- each, at a price of Rs. [•] per share (including share premium of Rs. [•] per share) not exceeding an amount of Rs. 13,00,00,000/-. <sup>#</sup> Assuming full subscription of the Issue.
Letter of Offer/ LOF	This Letter of Offer dated 18 <sup>th</sup> October, 2023 to be filed with the Stock Exchange and submitted with SEBI for information and dissemination.
Net Proceeds	Proceeds of the Issue less Issue related expenses. For further information about the Issue related expenses, see “ <b>Objects of the Issue</b> ” on page 45 of this Letter of Offer.
Net Worth	Net worth as defined under Section 2(57) of the Companies Act, 2013.
Non - ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.
Non-Institutional Bidders or NIIs	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
Off Market Renunciation	The renunciation 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 Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [•].
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	A record date fixed by our Company for the purposes of determining the names of the Equity Shareholders who are eligible for the issue of Rights Equity Shares i.e. [•].
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) is opened, in this case being, [•].
Registrar to the Issue/ Registrar	<b>Bigshare Services Private Limited</b> Pinnacle Business Park, Office No S6-2, 6 <sup>th</sup> , Mahakali Caves Rd, Next to Ahura Centre, Andheri East, Mumbai, Maharashtra – 400 093 <b>Tel:</b> 022 – 6263 8200 <b>Email:</b> <a href="mailto:rightsissue@bigshareonline.com">rightsissue@bigshareonline.com</a> <b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> <b>Contact Person:</b> Mr. Jibu John <b>SEBI Registration No:</b> INR000001385
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, 2018, the SEBI Rights Issue Circular, the Companies Act, 2013 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 Bidders(s) / Retail Individual Investor(s) / RII(s) / RIB(s)	An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations, 2018.
Rights Entitlements/REs	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, i.e. [•], in this case being [•] Rights Equity Share for every [•] Fully Paid-Up Equity Shares held by the Eligible Equity Shareholders of our



	Company.  Pursuant to the provisions of the SEBI ICDR Regulations, 2018 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.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares	Equity Shares of our Company to be allotted pursuant to this Issue
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.
Self-Certified Syndicate Banks” or “SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated from time to time
Stock Exchanges	Stock exchange where the Equity Shares are presently listed, being BSE Limited.
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	A Company or person, as the case may be, categorized as a wilful defaulter or Fraudulent Borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, including any Company whose director or promoter is categorized as such.
Working Days	All days except 2 <sup>nd</sup> and 4 <sup>th</sup> Saturdays of the month, Sundays, Public holidays, State and National holidays, on which commercial banks in Gujarat are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description, the term Working Day shall mean all days, excluding 2 <sup>nd</sup> and 4 <sup>th</sup> Saturdays, Sundays, Public holidays, State and National holidays, on which commercial banks in Ahmedabad are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. “Working Day” shall mean all trading days of the Stock Exchange, excluding Saturdays, Sundays and trading holidays.

#### Abbreviations

Term / Abbreviation	Description/ Full Form
₹ / ₹/ Rupees/ INR	Indian Rupees
AS/Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
AGM	Annual General Meeting
ASBA	Applications Supported by Blocked Amount
AMT	Amount
AIF	Alternative Investment Funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AY	Assessment Year
AOA	Articles of Association
Approx	Approximately
B. A	Bachelor of Arts
B. Com	Bachelor of Commerce
B. E	Bachelor of Engineering

B. Sc	Bachelor of Science
B. Tech	Bachelor of Technology
Bn	Billion
BG/LC	Bank Guarantee/Letter of Credit
BIFR	Board for Industrial and Financial Reconstruction
BSE	BSE Limited
BSE SENSEX	Sensex is an index; market indicator of the position of stock that is listed in the BSE
CDSL	Central Depository Services (India) Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CA	Chartered Accountant
CAD	Canadian Dollar
CB	Controlling Branch
CC	Cash Credit
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
Companies Act 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with rules made thereunder
CO	Compliance Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
CENVAT	Central Value Added Tax
CST	Central Sales Tax
ICMAI	The Institute of Cost Accountants of India
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996.
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DP	Depository Participant
DP ID	Depository Participant's Identification Number
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortization
ECS	Electronic Clearing System
ESIC	Employee's State Insurance Corporation
EPFA	Employee's Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
EGM/EOGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
EXIM/EXIM Policy	Export – Import Policy
ESI Act	Employees' State Insurance Act, 1948.
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FIPB	Foreign Investment Promotion Board
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder.
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017.
FY/Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time, and the regulations framed there under.
FCNR Account	Foreign Currency Non Resident Account
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FIs	Financial Institutions
FIIs	Foreign Institutional Investors (as defined under Foreign Exchange

	Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
FPIs	“Foreign Portfolio Investor” means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992.
FTA	Foreign Trade Agreement.
FVCI	Foreign Venture Capital Investors registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
FV	Face Value
GOI/Government	Government of India
GDP	Gross Domestic Product
GST	Goods and Services Tax
GVA	Gross Value Added
HUF	Hindu Undivided Family
HNI	High Net Worth Individual
ICAI	The Institute of Chartered Accountants of India
IMF	International Monetary Fund
IIP	Index of Industrial Production
IPO	Initial Public Offer
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
INR/₹/ Rupees	Indian Rupees, the legal currency of the Republic of India
I.T. Act	Income Tax Act, 1961, as amended from time to time
IT Authorities	Income Tax Authorities
IT Rules	Income Tax Rules, 1962, as amended, except as stated otherwise
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended
IRDA	Insurance Regulatory and Development Authority
ISIN	International Securities Identification Number.
IT	Information Technology.
KMP	Key Managerial Personnel
LM	Lead Manager/Merchant Banker
Ltd.	Limited
MCA	The Ministry of Corporate Affairs, GOI
MAT	Minimum Alternate Tax
MD	Managing Director
MOF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
M. A	Master of Arts
M. B. A	Master of Business Administration
M. Com	Master of Commerce
Mn	Million
M. E	Master of Engineering
M. Tech	Masters of Technology
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
Mn / mn	Million.
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange

	Board of India (Mutual Funds) Regulations, 1996
MSME	Micro, Small and Medium Enterprises
MAPIN	Market Participants and Investors Database
NA	Not Applicable
NCLT	National Company Law Tribunal
Networth	The aggregate of paid up Share Capital and Share Premium account and Reserves and Surplus (Excluding revaluation reserves) as reduced by aggregate of Miscellaneous Expenditure(to the extent not written off) and debit balance of Profit & Loss Account
NEFT	National Electronic Funds Transfer
NECS	National Electronic Clearing System
NAV	Net Asset Value
NCT	National Capital Territory
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSE	National Stock Exchange of India Limited
NOC	No Objection Certificate
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
P.A.	Per Annum
PF	Provident Fund
PG	Post Graduate
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PLI	Postal Life Insurance
POA	Power of Attorney
PSU	Public Sector Undertaking(s)
Pvt. Ltd.	Private Limited
ROC	Registrar of Companies
RBI	The Reserve Bank of India
Regulation S	Regulation S under the United States Securities Act of 1933, as amended
Registration Act	Registration Act, 1908
ROE	Return on Equity
R&D	Research & Development
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	The United States Securities Act of 1933

SME	Small and Medium Enterprises
SCSB	Self-Certified syndicate Banks
SEBI	Securities and Exchange Board of India
STT	Securities Transaction Tax
Sec.	Section
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
Trademarks Act	Trademarks Act, 1999
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
UIN	Unique identification number
US/United States	United States of America
USD/US\$/ \$	United States Dollar, the official currency of the United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCF/Venture Capital Fund	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
WDV	Written Down Value
WTD	Whole Time Director
W.E.F.	With effect from

## NOTICE TO INVESTOR

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 such public Eligible Equity Shareholders who have provided email 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, subject to compliance with relevant SEBI circulars/notices giving/extending relaxation in dispatch of physical issue material to those eligible equity shareholders who have not provided a valid email address to the Company. 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 and the Stock Exchanges, subject to the applicable law.

Our Company shall also endeavor to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company, subject to compliance with relevant SEBI circulars/notices giving/extending relaxation in dispatch of physical issue material to those eligible equity shareholders who have not provided a valid email address to the Company. Our Company 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 this Letter of Offer, or other 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 the Letter of Offer or any other 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, in those circumstances, the Letter of Offer or any other Issue Materials must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer, or any other Issue Materials should not distribute such document(s) to any person outside India where to do so would or might contravene local securities laws or regulations. If this Letter of Offer, or any other Issue Materials is 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. Rights Entitlements may not be transferred or sold to any person outside India.

Envelopes containing an Application Form should not be postmarked or otherwise dispatched from any Restricted Jurisdiction, 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.

Neither the delivery of this Letter of Offer, or any other 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.

SEBI has introduced the Concept of Credit of Rights Entitlements into the Demat Accounts of the Eligible Equity Shareholders, which can be renounced by them by way of On Market Renunciation or Off Market Renunciation. Further, the Credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made only in dematerialised Form.

The contents of this Letter of Offer should not be construed as 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, our Company is not making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

**Our Company reserves 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.**

**NO OFFER IN THE UNITED STATES**

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which the Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Letter of Offer/Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letter should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer/Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations. Rights Entitlements may not be transferred or sold to any person in the United States.

The above information is given for the benefit of the Applicants/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.

**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**

**In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 to achieve Minimum Public Shareholding and RE’s shall be issued to eligible equity shareholders as on the Record date i.e. [•].**

**In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 in order to achieve Minimum Public Shareholding. The Copy of this letter of Offer will be dispatch to the eligible equity shareholders as on the Record date i.e. [•].**



### **Certain Conventions**

All references to “India” contained in this Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GOI”, Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

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, any time mentioned in this Letter of Offer is in Indian Standard Time (“IST”). 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 otherwise or the context otherwise requires, the financial information and financial ratios in this Letter of Offer has been derived from our Financial Statements. For details, please see **“Financial Information”** on page 94. Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 (Twelve) month period ended on March 31 of that year.

The Financial Statements of our Company for the Financial Year 2022-23 and 2021-22 are prepared in accordance with Accounting Standards, section 133 of the Companies Act, 2013 & other relevant provisions of the Companies Act, 2013 & in accordance with the applicable SEBI Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI.

The Unaudited Financial Results of our Company for half year ended on September 30, 2023 is prepared in accordance with AS, Section 133 of Companies Act, 2013 and SEBI LODR Regulations, 2015.

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. Our Company has presented all numerical information in this Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, AS, the Companies Act, 2013 and the SEBI ICDR Regulations, 2018. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Letter of Offer should accordingly be limited. For further information, see **“Financial Information”** on page 94.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

## Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to Euros, the official currency of the European Union.

Our Company has presented certain numerical information in this Letter of Offer in “lakh” or “Lac” units or in whole numbers. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in **“Risk Factors”**, **“Our Business”**, **“Management’s Discussion and Analysis of Financial Conditions and Results of Operation”** and elsewhere in this Letter of Offer, unless otherwise indicated, have been calculated based on our Financial Information.

## Exchange Rates

This Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations, 2018. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

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

Currency	Exchange rate as on			
	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
1 USD	82.2169	75.8071	73.5047	75.3859
1 Euro	89.6076	84.6599	86.099	83.0496

(Source: RBI reference rate <https://www.fbil.org.in/#/home>)

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources. 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.

Although we believe the industry and market data used in this Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in **“Risk Factors”** on page 24 of this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

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

## 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:

- General political, social and economic conditions in India and other countries;
- Regulatory changes and the Company's ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Technology changes;
- Change in domestic and foreign laws, regulations and taxes and change in the competition in the industry;
- Fluctuation of the operating cost;
- Company's ability to attract and retain qualified personnel;
- Any adverse outcome in the legal proceedings in which the Company is involved;
- Strikes or work stoppages by our employees or contractual employees;
- Increasing competition in, and the conditions of, the industry;
- Failure to undertake projects on commercially favorable terms;
- Changes in government policies, including introduction of or adverse changes in tariff or non-tariff barriers, foreign direct investment policies, affecting the retail industry generally in India;
- Accidents and natural disasters; and
- Other factors beyond our control.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see ***"Risk Factors", "Our Business" and "Management's Discussion and Analysis Report" beginning on pages 24, 68 and 130, respectively, of this Letter of Offer.*** 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.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

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 materialize, 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, 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 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 Exchange.

The following is a general summary of the Terms of this Issue, and should be read in conjunction with and is qualified by more detailed information appearing in this Letter of Offer, including the sections titled ***“Risk Factors”***, ***“Summary of the Issue”***, ***“Capital Structure”***, ***“Objects of the Issue”***, ***“Our Business”***, ***“Industry Overview”***, ***“Outstanding Litigation”*** and ***“Terms of the Issue”*** on pages 24, 37, 42, 45, 68, 55, 135 and 145 respectively.

### **Our Company**

Our Company was originally incorporated as “Dipan Pharmachem Private Limited” under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated July 19, 2011 bearing Corporate Identification Number U24100GJ2011PTC066400 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, the name of Company was changed to “Dipna Pharmachem Private Limited” and a fresh certificate of incorporation was issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli on March 29, 2012. After that, our Company was converted from Private Limited to Public Limited Company pursuant to a special resolution passed by our shareholders at the EGM held on May 13, 2022 and consequently the name of our Company was changed as “Dipna Pharmachem Limited” and a fresh certificate of incorporation was issued by the Registrar of Companies, Ahmedabad dated May 25, 2022. For further details, please refer the chapter titled “History and Certain Corporate Matters” beginning on page 79 of this Letter of Offer. The CIN of the Company is L24100GJ2011PLC066400.

### **Summary of our Industry**

The Indian Pharmaceuticals Industry plays a prominent role in the Global Pharmaceuticals Industry. India ranks 3<sup>rd</sup> worldwide for production by volume and 14<sup>th</sup> by value. The nation is the largest provider of generic medicines globally, occupying a 20% share in global supply by volume, and is the leading vaccine manufacturer globally. India also has the highest number of US-FDA compliant Pharma plants outside of USA and is home to more than 3,000 pharma companies with a strong network of over 10,500 manufacturing facilities as well as a highly skilled resource pool.

The pharmaceutical industry in India offers 60,000 generic brands across 60 therapeutic categories. Major segments include generic drugs, OTC Medicines, API/Bulk Drugs, Vaccines, Contract Research & Manufacturing, Biosimilars and Biologics.

- Incentives worth INR 21,940 Crore (\$3 Mn) are approved
- Expected to reach \$65 bn by 2024, and ~\$120-130 bn by 2030
- Growth rate 10-12%
- Cost of manufacturing ~ 33% lower than western markets
- 18.7% year on year export growth

India is the 4<sup>th</sup> largest Asian medical devices market after Japan, China, and South Korea and among the top 20 global medical devices markets in the world.

Indian pharma companies enabled by their price competitiveness and good quality, have made global mark, with 60 per cent of the world's vaccines and 20% of generic medicines coming from India.

*For further details, please refer to the chapter titled “Industry Overview” on page 55 of this Letter of Offer.*

### **Summary of our Business**

Our Company is engaged in the trading and distribution of wide range of pharmaceutical raw material which is also known as APIs (Active Pharmaceutical Ingredients), Excipient and chemical formulation products. Presently our product portfolio comprises of 61 AIPs and AIPs intermediates such as Cephalosporins, Cardiovasculars, Anti – Bacteria, Quinolones, Veterinary, Anti – Virus, Anti – Inflammatory, Neuropsychiatry, Steroid Hormone, other etc. Being a trading and distribution Company, we have pan India market for our products. The Company had also started the selling of chemicals on commission basis in the financial year 2023, the Company had earned commission income of Rs. 17.53 Lakhs. The Company is doing trading in Ahmedabad and surrounding area of Ahmedabad.

For further details, please refer to chapter titled ***“Our Business”*** and ***“History and Certain Corporate Matters”*** on pages 68 and 79 of this Letter of Offer.

## Location of our Company

### Registered Office:

Our Registered Office is situated at A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad-380055, Gujarat. For further reference please see chapter titled “*Our Business*” on page No. 68 of Letter of Offer.

### Strengths:

- Diversified Product Portfolio
- Experienced Promoter and Management Team
- Quality assurance
- High level of customer satisfaction

For details, please refer chapter titled “*Our Business*” on page 68 of Letter of Offer.

### SWOT Analysis:

SWOT Analysis can be briefly summarized below:

Strengths	Weakness
<ul style="list-style-type: none"><li>• Diversified Product Portfolio</li><li>• Experienced Promoter and Management Team</li><li>• Quality assurance</li><li>• High level of customer satisfaction</li></ul>	<ul style="list-style-type: none"><li>• Accelerated technology adoption</li><li>• Inadequate availability of skilled work</li><li>• Increased cost of operations</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Online Expansion</li><li>• Premiumisation and access to global brands</li><li>• Further Growth of Private Brands</li><li>• Expanding Beauty and Personal Care Categories</li><li>• Digital Innovation</li><li>• Focus on analytics</li></ul>	<ul style="list-style-type: none"><li>• Economic conditions</li><li>• Increased competition</li><li>• Industry disruption</li><li>• Marketplace scale in industry</li></ul>

### Business Strategy:

- Develop cordial relationship with our Suppliers, Customer and employees
- To build-up a professional organization
- Leveraging our Marketing skills and Relationships
- Focus on dealing in quality standard products
- Make our presence in Global Market

### Our Promoters

#### **A. Individual Promoters:**

Mr. Keyur Dipakkumar Shah

#### **B. Individual Members of Promoter Group:**

Mr. Chaitanya Chinubhai Nanavati  
Ms. Dipna Keyur Shah  
Ms. Dhara Nrupeshbhai Shah

#### **C. Non-Individual Promoters / Members of Promoter Group: Nil**

**Objects of the Issue:**

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

Sr. No.	Particulars	Amount to be financed from Net Proceeds of the Issue (Rs. in Lakhs)	Estimated deployment in FY 2023-24 (Rs. in Lakhs)	Estimated deployment in FY 2024-25 (Rs. in Lakhs)
1.	Incremental Working Capital	1000.00	1000.00	-
2.	General Corporate Purpose**	275.00	275.00	-
	<b>Net Proceeds*</b>	<b>1275.00</b>	<b>1275.00</b>	-

<sup>^</sup>Any portion of the Net Proceeds not deployed for the stated objects in FY 2023-24 will be deployed by our Company in FY 2024-25.

\*Assuming full subscription of the Issue.

\*\*The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

For further details, please see chapter titled “Objects of the Issue” beginning on page 45 of this Letter of Offer.

**1. Intention and extent of participation by Promoter and Promoter Group**

The Promoters and members of the Promoter Group of our Company have indicated their intention to subscribe jointly and/or severally to the full extent of their Rights Entitlement and any Rights Entitlement renounced in their favour by any other Promoter(s) or member(s) of the Promoter Group of our Company subject to availability of funds. Further, in case of under-subscription of part of issue, the Promoters and members of Promoter Group shall subscribe the under-subscribed portion of shares.

For further details, please see the chapter titled “Capital Structure” beginning on page no. 42 of this Letter of Offer.

**2. Summary of Outstanding Litigation**

A summary of the pending proceedings and other material litigations involving our Company, our Promoter and Promoter Group, our Directors and our Group Companies is provided below:-

Sr. No.	Particulars	Number of cases outstanding	Amount involved in such proceedings (Rs. In Lakh)
1.	<b>Litigation involving our Company</b>		
i.	<b>Litigation against our Company</b>		
a)	Criminal proceedings	NIL	NIL
b)	Civil Proceedings	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
ii.	<b>Litigation by our Company</b>		
a)	Criminal proceedings	NIL	NIL
b)	Civil and other Material Litigations	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
2.	<b>Litigation involving our Promoters</b>		

i.	<b>Litigation against our Promoters</b>		
a)	Criminal proceedings	NIL	NIL
b)	Civil Proceedings	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings (including interest)	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
ii.	<b>Litigation by our Promoters</b>		
a)	Criminal proceedings	NIL	NIL
b)	Civil Proceedings	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings (including interest)	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
3.	<b>Litigation involving our Directors</b>		
i.	<b>Litigation against our Directors</b>		
a)	Criminal proceedings	NIL	NIL
b)	Civil Proceedings	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings (including interest)	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
ii.	<b>Litigation by our Directors</b>		
a)	Criminal proceedings	NIL	NIL
b)	Civil and other Material Litigations	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings (including interest)	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
4.	<b>Litigations involving our group entities</b>		
a)	Tax Proceedings (including interest)	NIL	NIL

For further details, please see the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page no. 135 of this Letter of Offer.

### 3. Risk Factors

Please refer the chapter titled “**Risk Factors**” on page no. 24 of this Letter of Offer.

### 4. Summary of Contingent Liabilities

For details, please refer “**Financial Information**” on page no. 94 of this Letter of Offer.

### 5. Summary of Related Party Transactions

For details, please refer “**Financial Information**” on page no. 94 of this Letter of Offer.



**6. Issue of equity shares made in last one year for consideration other than cash**

Our Company has not issued any equity shares for consideration other than cash in last one year.

**7. Split or consolidation of Equity Shares in last one year**

Our Company has not sub-divided or consolidated its Equity shares in last one year. Hence, this clause is not applicable in this Issue.

**In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 to achieve Minimum Public Shareholding and RE's shall be issued to eligible equity shareholders as on the Record date i.e. [•].**

**In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 in order to achieve Minimum Public Shareholding. The Copy of this letter of Offer will be dispatch to the eligible equity shareholders as on the Record date i.e. [•].**

### SECTION III: RISK FACTORS

*An investment in 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 the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this issue including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment.*

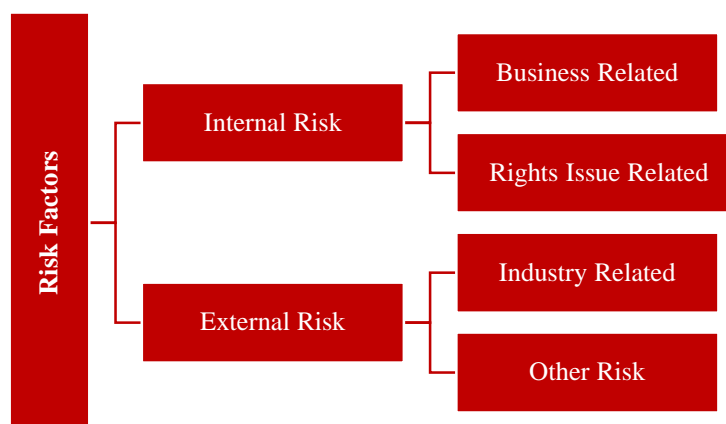
*Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. To obtain a better understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 68, “Our Industry overview” beginning on page 55 and “Management’s Discussion and Analysis Report” beginning on page 130 respectively, of this Letter of Offer as well as other financial information contained herein.*

*The following factors have been considered for determining the materiality of Risk Factors:*

- *Some risks may not be material individually but may be found material collectively;*
- *Some risks may have material impact qualitatively instead of quantitatively;*
- *Some risks may not be material at present but may have material impact in future.*

*The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of our Company used in this section is derived from our Financial Statements prepared in accordance with Accounting Standards and the Companies Act. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled “Definitions and Abbreviations” beginning on page 5 of this Letter of Offer. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.*

*The Letter of Offer also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in the Letter of Offer. The risk factors are classified as under for the sake of better clarity and increased understanding:*



## **INTERNAL RISK FACTORS:**

***1. We do not own registered office and from which we operate.***

Our Registered office is located at A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad – 380055, Gujarat. The Registered office is not owned by us. Mr. Keyur Dipakkumar Shah, our Promoter and Managing Director owns the premises. Such a situation could result in loss of business, time over runs and may adversely affect our operations and profitability.

***2. Our business requires us to obtain and renew certain registrations, licenses and permits from government and regulatory authorities and the failure to obtain and renew them in a timely manner may adversely affect our business operations.***

Our business operations require us to obtain and renew from time to time, certain approvals, licenses, registration and permits, some of which may expire and for which we may have to make an application for obtaining the approval or its renewal. If we fail to maintain such registrations and licenses or comply with applicable conditions, then such respective regulatory can impose fine on our Company or suspend and/ or cancel the approval/ licenses which may affect our business adversely.

For more information about the licenses required in our business, please refer section "Government and other statutory approvals" beginning on page no.138 of this Letter of Offer.

***3. There are no long term supply agreements with our vendors/ suppliers. Our Business may be adversely affected if there is any disruption in the trading material supply or due to non-availability of trading material.***

We do not have written agreements with our vendors/ suppliers and we operate on a purchase order system. There are no long term supply agreements for the trading material. In absence of any such formal contract with our vendors/ suppliers, we are exposed to the risks of irregular supplies or no supplies at all or delayed supplies or price variation which would materially affect our results of operations.

In the event of any disruption in the supply or the non-availability of material in the required quantity and of required quality from alternate source, the supply schedule to our clients may be adversely be affected impacting the sales and profitability of the Company.

***4. Some of our trading items are hazardous in nature. In the event of any accidents involving any such hazardous materials and substances, our Company may be held liable for subsequent damages and litigations.***

We are trading in pharmaceutical raw materials which includes Folic Acid IP, Mefenamic Acid IP, Sertraline HCL, Sildenafil Citrate and many other such products. These are hazardous in nature. Improper or negligent handling while trading and/ or storing hazardous material and/or substances at our godown may cause personal injury or loss of life and may further lead to severe damage or destruction to property may result in to financial losses and criminal liabilities.

***5. Our insurance coverage may not adequately protect us against certain operating risks and this may have an adverse effect on the results of our business.***

We are insured for a risks associated with our trading business, through policies. We believe that we have got our assets and stock adequately insured; however our policy of covering these risks through insurance may not always be effective or adequate, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, to cover all material losses. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business and results of operations could be adversely affected. For details on insurance policies taken by our Company please page no. 68 in chapter titled — “Our Business” of Letter of Offer.

- 6. *We are dependent on third party transportation providers for delivery of trading goods and materials to us from our suppliers and delivery of trading goods & materials to our clients. Any failure on part of such service providers to meet their obligations could have a material adverse effect on our business, financial condition and results of operation.***

As trading is our main activities, our success depends on the smooth supply and transportation of the trading materials and transportation of our trading materials from our suppliers to us/ or our buyers/clients, both of which are subject to various uncertainties and risks. In addition, trading materials may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of trading materials which may also affect our business and our results of operation negatively. A failure to maintain a continuous supply of trading materials to us as well as to our clients in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations.

- 7. *We may not be successful in implementing our business strategies.***

The success of our business depends substantially on our ability to implement our business strategies effectively. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted clients. Changes in regulations applicable to us may also make it difficult to implement our business strategies. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

- 8. *We do business with our customers on purchase order basis and do not have long term contracts with most of them.***

Our business is conducted on purchase order basis, depending on the requirements of the client preferences and demand. We do not have long term contracts with most of our customers and there can be no assurance that we will continue to receive repeat orders from all or any of them, including our longstanding customers. Further, even if we were to continue receiving orders from our existing clients, there can be no assurance that they will be on the same terms and conditions, and the new terms may be less favourable to us than those under the present terms which may adversely affect our business operations and results.

- 9. *We have unsecured loans from directors and relatives of directors, which are repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our liquidity and business operations.***

As per our financial statements, as on March 31, 2023, we have unsecured loan from erstwhile director and their relatives which is repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our liquidity and business operations. For further details of these unsecured loans, please refer to Chapter titled “Financial Statements” beginning on page 99 of this Letter of Offer.

- 10. *Failure to manage our inventory could have an adverse effect on our net sales, profitability, cash flow and liquidity.***

The results of operations of our business are dependent on our ability to effectively manage our inventory and stocks. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirement accordingly. If our management has misjudged expected customer demand it could adversely impact the results by causing either a shortage of supply or an accumulation of excess inventory. The excess inventory will need storage space and block our liquidity resulting in to loss.

- 11. *We could be exposed to risks arising from misconduct, fraud and trading errors by our employees and Business Associates.***

Frauds or other delinquencies by employees could include indulging in transactions that exceed authorized limits or present unacceptable risks to us; hiding unauthorized or unsuccessful trading activities from us; or the improper use of confidential information. Such misconduct could result in unexpected business risks, losses, invite regulatory sanctions and seriously harm our reputation and could even lead to litigation. The precautions we take to prevent and detect these activities may not be effective. Any delinquencies or trading errors on the part of our employees could materially affect our business operations, financial position and/ or reputation.

**12. *We are subject to Foreign Exchange Rate fluctuation and strict compliance of the Foreign Exchange Regulations Act, 1973(FERA) and the provisions of FEMA.***

As a part of our trading activity, sometimes we may require to import materials from foreign countries for which we have to make payment in foreign currency. We have to face the foreign exchange fluctuation risk. We have to also comply with the strict provisions of FERA and FEMA. Any fluctuation in foreign exchange and non-compliance of the provisions will lead to financial loss and strict disciplinary and punitive action against the Company which affect our liquidity, reputation and business operations and profitability of our Company.

**13. *Our Promoter and Promoter group involved which are engaged in similar line of business activity in which issuer Company is engaged which may create a conflict of interest, Further, we do not enjoy contractual protection by way of a non-compete or other agreement or arrangement with firms which are involved in similar line of business activity.***

Our Promoter, Mr. Keyur Shah is involved in the proprietorship firm viz. M/s. Dhara Chemicals and Ms. Dipna Shah, part of promoter group and wife of Mr. Keyur Shah is involved in M/s. Dipan Pharmachem Limited which are doing the trading and distribution of wide range of pharmaceutical raw material which is also known as APIs (Active Pharmaceutical Ingredients), Excipient and chemical formulation products. They are doing trading majority in Chemical formulations. However our Company has not signed any agreement/ document with our Group.

Entity so as to confirm that they will not sell products similar to issuer Company. Our Group Entities may expand their business in the future that may compete with us. The interests of these Group Entities may conflict with our Company's interests and/ or with each other. For further details, please refer to the chapter titled, - our Promoters and Promoter Group, beginning on page 82 and the Annexure "Related Party Transaction" under the section "Financial Information" on page 94 of the Letter of Offer.

**14. *Our Company is subject to high working capital requirements and our inability to fund these requirements in a timely manner may adversely impact our financial performance.***

Our Company is engaged in trading and distribution of wide range of pharmaceutical raw material and chemical formulation products. As on the date of this Letter of Offer, we meet our working capital requirements in the ordinary course of its business from capital, internal accruals, unsecured loans, working capital loans from the Banks etc.

If we are not able to manage the working capital requirement properly then the growth, profitability and business will be adversely affected.

**15. *We have entered into certain transactions with related parties. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.***

We have entered into certain transactions with related parties with our Promoter, Promoter Group, Directors, their relatives, Group Entities and may continue to do so in future. Our Company has entered into such transactions due to easy proximity and quick execution. Additionally, our Company belief that all our related party transactions have been conducted on an arm's length basis, but we cannot provide assurance that we could have achieved more favorable terms had such transactions been entered with third parties. Our Company may enter into such transactions in future also and we cannot assure that in such events there would be no adverse effect on results of our operations, although going forward, all related party transactions that we may enter will be subject to board or shareholder approval, as under the Companies Act, 2013 and the Listing Regulations. For details of transactions, please refer to Related Party Transactions" on page 94 of Financial Information of this Letter of Offer.

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

Our Promoter and Directors may be deemed to be interested to the extent of the Equity Shares held by them and benefits deriving from their shareholding in our Company. Our Promoters are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For further details, please refer to the chapters titled – Our Business and - our Promoters and Promoter group, beginning on page 68 and 82 respectively and the chapter titled - Related Party Transactions on page 99 under chapter titled - Financial Statements beginning on page 94 of this Letter of Offer.

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

The sale of shares by the promoters or other significant shareholder(s) may significantly affect the trading price of our Equity shares. Further the market price generally may be adversely affected on account of the news about the sale of shares by the promoters. However the closing of trading windows during the period of financial results may restrict the promoters from selling the shares in the open market.

***18. The issue price of the Equity Shares may not be indicative of market price of our equity shares after the issue and the market price of our Equity shares may decline below the issue price.***

The issue price of our Equity shares is decided on the basis of both qualitative and quantitative factors. The Company had made good progress in establishing its name in the Pharmaceutical industry. All such point have been considered in deciding the issue price of the Equity Shares. The market price of our equity shares could be subject to change after the issue and may decline the below the issue price.

***19. There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our Management and our Board of Directors.***

As per SEBI (ICDR) Regulations, 2018, as amended, appointment of Monitoring Agency is required only for issue size above Rs. 100.00 Crs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the Board will monitor the utilization of Issue proceeds in terms of Listing Agreement. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the Stock Exchange.

***20. Our success depends heavily upon our Promoter and Senior Management for their continuing services, strategic guidance and financial support.***

Our success depends heavily upon the continuing services of Mr. Keyur Shah who is a natural person in control of our Company. He currently serves as a Managing Director and his experience & vision had played a key role in obtaining our current reputation and status in the market. We would depend significantly on our Key Managerial Personnel(s) for continuing our business operations successfully. If any member of the senior management team is unable or unwilling to continue in his present position, we may not be able to replace him easily or at all, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

***21. We have not identified any alternate source of financing the ‘Objects of the Issue’. If we fail to mobilize resources as per our plans, our growth plans may be affected.***

We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue which may delay in the implementation schedule and could adversely affect our growth plans. For further details of object of issue and schedule of implementation, please refer to the chapter titled “Objects of the Issue” on page 45 of this Letter of Offer.

***22. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

Our future ability to pay dividends will depend on our earnings, financial condition and capital requirements. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders. Our ability to pay dividends will also depend on our expansion plans. We may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

**23. *We have not independently verified certain data in this Letter of Offer.***

We have not independently verified data from the Industry and related data contained in this Letter of Offer and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

**24. *Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised, and may be subject to change based on various factors, some of which are beyond our control.***

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or another independent agency. Furthermore, in the absence of such independent appraisal, our funding requirements may be change subject to the approval of shareholders by passing special resolution pursuant to section 27 of Companies Act, 2013 through postal ballot or subject to an authority given by the Company in general meeting by way of special resolution and based on various factors which are beyond our control. For further details, please see the section titled - Objects of the Issue beginning on Page No. 45 of this Letter of Offer.

**25. *Increased competition for skilled employees and salary increases for our employees may reduce our profit margin.***

Due to pandemic situation there is sizable growth in Indian pharmaceutical industry and increased competition for skilled employees in India over the last two years, wages of skilled employees are increasing at a fast rate. Accordingly, we may need to increase our levels of employee compensation rapidly to remain competitive in attracting the quality of employees that our business requires. Salary increases may reduce our profit margins and have a material and adverse effect on our results of operations.

**26. *Any future issuance of Equity Shares may dilute the shareholding of the Investor or any sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by our Company could dilute the shareholding of the investor. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. While the entire Post-Issue paid-up share capital, held by our Promoters or other shareholders will be locked-in for a period of 1 (One) year and minimum promoter contribution subject to a minimum of 20% of our post-Issue paid-up capital will be locked-in for a period of 3 (Three) years from the date of allotment of Equity Shares in the Issue, upon listing of our Equity Shares on the Stock Exchanges. For further information relating to such Equity Shares that will be locked-in, please refer to the section titled - Capital Structure beginning on page 42 of this Letter of Offer. Any future issuance or sale of the equity shares of our Company by our Promoter or by other significant shareholder(s) or any perception or belief that such sales of Equity Shares might occur may significantly affect the trading price of our Equity Shares.



## **RISKS RELATING TO RIGHTS ISSUE**

- 1. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of Investor's shareholding.***

The Rights Entitlements that are not exercised prior to the end of the 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 Rights Issue. Renouncees 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 Renouncees 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 Rights Issue with respect to such Rights Entitlements.

- 2. There is no guarantee that the Rights Equity Shares issued pursuant to this Rights Issue will be listed on the Stock Exchange in a timely manner.***

In accordance with Indian law and regulations and the requirements of the Stock Exchange, in principle and final approvals for listing and trading of the Rights Equity Shares issued pursuant to this Rights Issue will not be applied for or granted until after the Rights Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Rights Equity Shares to be submitted. Accordingly, there could be a failure or delay in listing the Rights Equity Shares on the Stock Exchange. If there is a delay in obtaining such approvals, we may not be able to credit the Rights Equity Shares allotted to the Investors to their depository participant accounts or assure ownership of such Rights Equity Shares by the Investors in any manner promptly after the Closing Date. In any such event, the ownership of the Investors over Rights Equity Shares allotted to them and their ability to dispose of any such Equity Shares may be restricted.

For further information on issue procedure, see “**Issue Information**” beginning on page 145.

- 3. The Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Equity Shares until they provide details of their demat account and Equity Shares are transferred to such demat account from the demat suspense account thereafter.***

The Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of Allotment in respect of resident Eligible Equity Shareholders holding Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least two working days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, amongst others, details of their demat accounts to our Company or the Registrar to enable our Company to transfer, after verification of the details of such demat account by the Registrar, the Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. Unless and until such Eligible Equity Shareholders provide details of their demat account and the Equity Shares are transferred from demat suspense account to such demat accounts thereafter, they will have no voting rights in respect of Equity Shares. For details, see “**Terms of the Issue**” on page 145.

- 4. The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholder”) may lapse in case they fail to furnish the details of their demat account to the Registrar.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020, read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “**Terms of the Issue**” on page 145. In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

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

In terms of the SEBI ICDR Regulations, 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 Equity 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 Equity 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.

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

Under the Companies Act, any company incorporated in India must offer its holders of equity shares preemptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

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

Our Articles of Association and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Director's fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction. In accordance with the provisions of the Companies Act, the voting rights of an equity shareholder in a Company shall be in proportion to the share of a person in the paid-up equity share capital of that Company.

**8. *No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchange, the trading of Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

## **EXTERNAL RISK FACTORS**

### ***1. Any future pandemic or widespread public health emergency, could materially and adversely impact our business, financial condition, cash flows and results of operations.***

The outbreak, or threatened outbreak, of any severe communicable disease could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our clients and service providers, which could adversely affect our business, financial condition and results of operations.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of any future pandemic or widespread public health emergency will cause an economic slowdown and it is possible that it could cause a global recession. The spread of any future pandemic or widespread public health emergency will cause us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed. The extent to which any future pandemic or widespread public health emergency further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. The degree to which any future pandemic or widespread public health emergency impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people.

Further in case the lockdown is imposed, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company. The full extent to which any future pandemic or widespread public health emergency impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including: the scope, severity, and duration of the pandemic; actions taken by governments, business and individuals in response to the pandemic; the effect on customer demand for and ability to pay for our products; the impact on our capital expenditure; disruptions or restrictions on our employees' and suppliers' ability to work and travel; any extended period of remote work arrangements; and strain on our or our customers' business continuity plans, and resultant operational risk.

### ***2. A slowdown in economic growth in India could adversely affect our business, results of operations, financial condition and cash flows.***

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the country in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports of materials, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margin.

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

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Please refer to **“Key Industry Regulations and Policies”** on page 74 of this Letter of Offer for details of the laws currently applicable to us.

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. Our Company will comply with relevant regulations as and when applicable. However, 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 unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT and surcharge being collected by the central and state governments. The GST has led to increase tax incidence and administrative compliance. Any future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

Further, the general anti avoidance rules (“GAAR”) provisions have been made effective from assessment year 2018-19 onwards, i.e.; financial Year 2017-18 onwards and the same may get triggered once transactions are undertaken to avoid tax. The consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain.

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 performance.

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

Inflation is typically impacted by factors such as governmental policies, regulations, commodity prices, liquidity and global economic environment. Any change in the government or a change in the economic and deregulation policies could adversely affect the inflation rates. Continued high rates of inflation may increase our costs such as salaries, travel costs and related allowances, which are typically linked to general price levels. There can be no assurance that we will be able to pass on any additional costs to our clients or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

**5. *Any downgrading of India's debt 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 domestic or international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business and financial performance and the price of our Equity Shares.

6. ***We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards (“IFRS”). Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.***

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for convergence with IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the “IFRS Convergence Note”). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined. Our financial condition, results of operations, cash flows or changes in shareholders’ equity may appear materially different under IFRS than under Indian GAAP or our adoption of converged Indian Accounting Standards may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding (restated) period in the comparative Fiscal/period.

7. ***Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.***

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is referred to as “systemic risk,” may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Our transactions with these financial institutions expose us to credit risk in the event of default by the counter party, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business, financial condition, results of operations and cash flows.

8. ***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.

9. ***Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.***

Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Elimination or substantial change of policies or the introduction of policies that negatively affect the Company’s business could cause its results of operations to suffer. Any significant change in India’s economic policies could disrupt business and economic conditions in India generally and the Company’s business in particular.

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

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

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

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

- Volatility in the India and global capital market;
- Company's results of operations and financial performance;
- Performance of Company's competitors;
- Adverse media reports on Company;
- Changes in our estimates of performance or recommendations by financial analysts;
- Significant developments in India's economic and fiscal policies; and
- Significant developments in India's environmental regulations.

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

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

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, change in regulatory framework, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism.

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

Our Company is subject to various regulations and policies. For details see section titled "Key Industry Regulations and Policies" beginning on page 74 of this Letter of Offer. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse effect on our business, financial condition and results of operations.

**14. *Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse effects on our operations and financial performance***

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

- 15. *Our 100% Revenue is derived from business in India and a decrease in economic growth in India could materially affect and cause our business to suffer.***

We derive 100% of our revenue from our operations in India and, consequently, our performance and the quality and growth of our business are dependent on the health of the economy of India. However, the Indian economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the microfinance industry. Any such factor may contribute to a decrease in economic growth in India which could adversely impact our business and financial performance.

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

Taxes and other levies imposed by the Central or State Governments in India that impact our industry include income tax and GST and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. There can be no assurance that these tax rates/ slab will continue in the future. Any changes in these tax rates/slabs could adversely affect our financial condition and results of operations.



## SECTION –IV INTRODUCTION

This Issue has been authorized through a resolution passed by our Board at its meeting held on 18<sup>th</sup> October, 2023 pursuant to Section 62(1)(a) of the Companies Act, 2013. The following is a summary of this Issue and should be read in conjunction with and is qualified entirely by the information detailed in the chapter titled “Terms of the Issue” on page 145 of this Letter of Offer.

### SUMMARY OF THE ISSUE

<b>Equity shares offered through the Issue</b>	Upto [•] <sup>#</sup> Equity Shares to eligible equity shareholders
<b>Rights Entitlements</b>	Upto [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares held by the Existing Equity Shareholders of our Company on the Record Date i.e. [•]
<b>Record Date</b>	[•]
<b>Face Value per Equity Shares</b>	Rs. 10.00/- per share
<b>Issue Price per Equity Share</b>	Rs. [•] per share (including Rs. [•] as share premium)
<b>Issue Size</b>	Upto [•] <sup>#</sup> Equity Shares of face value of Rs. 10.00/- each for cash at a price of Rs. [•] per share (including a share premium of Rs. [•] each) aggregating upto Rs. 13,00,00,000/-
<b>Voting Rights and Dividend</b>	The Equity Shares issued pursuant to this Issue shall rank pari passu in all respects with the Existing Equity Shares of our Company.
<b>Equity Shares issued, subscribed and paid up prior to the Issue</b>	1,19,70,000 Equity Shares
<b>Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)</b>	Upto [•] <sup>#</sup> Equity Shares
<b>Scrip Details</b>	<b>ISIN:</b> INE0MC401013 <b>BSE:</b> 543594
<b>Terms of the Issue</b>	Please refer to the section titled “Terms of the Issue” on page 145 of this Letter of Offer
<b>Use of Issue Proceeds</b>	Please refer to the section titled “Objects of the Issue” on page 45 of this Letter of Offer.
<b>Fractional Entitlement</b>	For details in relation fractional entitlements, see "Terms of the Issue" beginning on page 145 of this Letter of Offer

**<sup>#</sup>Assuming full subscription of the Issue**

*\*The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [•] Rights Equity Shares for every [•] fully paid-up Equity Shares held by the eligible equity shareholders of our Company on the Record Date i.e. [•]. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [•] Equity Shares or is not in multiples of [•], 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 Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.*

Please refer to the chapter titled “Terms of the Issue” on page 145 of this Letter of Offer.

## GENERAL INFORMATION

Pursuant to the resolution passed by our Board at its meeting held on 18<sup>th</sup> October, 2023, our Company has been authorized to make the following Rights Issue to the Equity Shareholders of our Company.

Issue of upto [•]<sup>#</sup> Equity Shares of face value of Rs. 10.00/- each for cash at a price of Rs. [•] per Equity share (including a share premium of Rs. [•] per Equity share), aggregating upto Rs. 13,00,00,000/- (Rupees Thirteen Crores Only) on a rights basis to the Existing Equity Shareholders of our Company on the Record date i.e. [•], in the ratio of [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares. The Issue Price is [•] times of face value of the Equity Shares.

For further details, please refer to the chapter titled “Terms of the Issue” on page 145 of this Letter of Offer.

<sup>#</sup>Assuming full Subscription of the Issue

## REGISTERED OFFICE OF OUR COMPANY\*

### **Dipna Pharmachem Limited - Registered Office Address:**

A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad, Gujarat, India, 380055

**Tel:** +91-9898066121,

**Email:** [धारारहल99@yahoo.in](mailto:धारारहल99@yahoo.in)

**Website:** [www.dipnapharmachem.com](http://www.dipnapharmachem.com)

**CIN:** L24100GJ2011PLC066400

**Registration Number:** 066400

## BOARD OF DIRECTORS

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Letter of Offer:

Name of the Director	Designation	DIN	Address
Mr. Keyur Dipakkumar Shah	Managing Director	03167258	29, Devpriya Bunglows -2, Opp. Vishal Residency Tower, Anandnagar Char Rasta, Satellite, Ahmedabad – 380015, Gujarat
Ms. Dipna Keyur Shah	Non - Executive Director	02507462	29, Devpriya Bunglows -2, Opp. Vishal Residency Tower, Anandnagar Char Rasta, Satellite, Ahmedabad – 380015, Gujarat
Mr. Nandish Jani	Non - Executive and Independent Director	09565657	15, Arasuri Society, Near Vyasvadi, Nava Vadaj, Ahmedabad - 380013
Mr. Jitendra Pradipbhai Parmar	Non - Executive and Independent Director	09699769	J-708, J Block, Riverside Park - II, Opp. Shantabag Soc., Lane of APMC Market, Vasna, Ahmedabad – 380 007

For further details of our Board of Directors, see “Our Management” on page 82 of this Letter of Offer.

## ADDRESS OF THE REGISTRAR OF COMPANIES

Our Company is registered with the ROC, Ahmedabad, Gujarat which is situated at the following Address:

**Registrar of Companies, Gujarat**

ROC Bhavan, Opp Rupal Park Society,

Behind Ankur Bus Stop, Naranpura,

Ahmedabad – 380 013, Gujarat

**Contact No.:** 079-27438531

**Email id:** [roc.ahmedabad@mca.gov.in](mailto:roc.ahmedabad@mca.gov.in)

## COMPLIANCE OFFICER

**Ms. Keyur Shah**

**Address:** A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad, Gujarat, India, 380055

**Tel:** +91-9898066121,

**Email:** [dharchem99@yahoo.in](mailto:dharchem99@yahoo.in)

Investors may contact Compliance Officer or Registrar to the Issue for any pre-issue/post-issue related matters such as non-receipt of letters of allotment/share certificates/refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs for grievances related to ASBA, giving full details such as name, address of the applicant, e-mail id of the first holder, folio number or demat account number, 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 plain paper application was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For further details on the ASBA process, please refer to the section titled “Terms of the Issue” beginning on page 145 of this Letter of Offer.

## REGISTRAR TO THE ISSUE AND COMPANY

**M/s. Bigshare Services Private Limited**

Pinnacle Business Park, Office No S6-2, 6<sup>th</sup>, Mahakali Caves Rd, Next to Ahura Centre, Andheri East, Mumbai, Maharashtra – 400 093

**Tel:** 022 – 6263 8200

**Email:** [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**Contact Person:** Mr. Jibu John

**SEBI Registration No:** INR000001385

## STATUTORY AUDITORS OF OUR COMPANY

**M/s. Devadiya & Associates**

**Chartered Accountants**

**Address:** A-203, Namarayan Complex, Nr. Swastik Cross Road, Navrangpura, Ahmedabad – 380 009

**Contact No.:** 079-40326703

**Email:** [sanjay@devadiya.com](mailto:sanjay@devadiya.com)

**Contact Person:** Mr. Sanjay Devadiya

**Membership Number:** 112495

**Firm Registration No.:** 123045W

**Peer Review No.:** 015318

## BANKERS TO THE ISSUE

[•]

**Advisors to the Issue:**

**Gaurav Bachani & Associates**

**Company Secretaries,**

308, Tilakraj Complex, In lane next to Bank of Baroda,  
Opp. Central Mall, Near Ambawadi Circle,  
Ahmedabad - 380 006

**Tel:** +91-79-48927740 / 90166 4499

**E-mail id:** [csgauravbachani@gmail.com](mailto:csgauravbachani@gmail.com)

**Mem No.:** A61110

**COP:** 22830

**Peer Review Number:** 2126/2022

**Bankers to the Company:**

**AU SMALL FINANCE BANK**

Ground Floor, Sheetal Varsha, Shivranjani Cross Roads,  
Satellite, Ahmedabad – 380 015

**Contact Person:** Dipesh Gadhiya

**Telephone:** +917878902729

**Email:** [dipesh.gadhiya@aubank.in](mailto:dipesh.gadhiya@aubank.in)

**Website:** [www.aubank.in](http://www.aubank.in)

**CIN:** L36911RJ1996PLC011381

**Experts**

Except for the reports of the Auditor of our Company on the Audited Financial Information and Statement of Tax Benefits, included in the Letter of Offer, our Company has not obtained any expert opinions.

**Designated Intermediaries**

**Self-Certified Syndicate Bankers**

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares allotted.

For further details on the ASBA process, please refer to the details given in ASBA form and to the chapter titled “Terms of the Issue” starting on page 145 of this Letter of Offer.

**Investor Grievances**

Investors may contact the Compliance Officer for any pre-issue/post-issue related matters such as non-receipt of Letters of Allotment/share certificates/demat credit/Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or Compliance Officer for any pre-issue or post-issue related problems such as non-receipt of Abridged Letter of Offer/Application Form and Rights Entitlement Letter/Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process.

## Credit Rating

This being an Issue of Equity shares, no credit rating is required.

## Inter-se allocation of Responsibilities for the Issue

The Company has not appointed any Merchant Banker to the Issue (except for the purpose of obtaining pricing certificate, as may be required,) and hence there is no inter-se allocation of responsibilities.

## Debenture Trustees

This being an issue of Equity Shares, the appointment of Debenture Trustees is not required.

## Monitoring Agency

As the Issue size is less than Rs. 10,000 lakhs, under the SEBI ICDR Regulations, the Company is not required to appoint a Monitoring Agency pertaining to this Issue.

## Underwriting Agreement

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

## Appraising Entity

None of the purposes for which the Issue Proceeds are proposed to be utilized have been financially appraised by any Bank or Financial Institution.

## Minimum Subscription

In accordance with Regulation 86 of the SEBI ICDR Regulations, for this Issue the minimum subscription which is required to be achieved is of at least 90% of the Issue. Our Company does not fall under the exemption to Regulation 86(1) which has been inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020.

In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 90% of the Issue Size, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue closing date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are “officers in defaults” shall pay interest for the delayed period, at such rates as prescribed under the applicable laws.

## Changes in Auditors during the last three years

- The statutory auditor of the Company M/s. S.R Sanghvi & Co. has resigned as an Auditor on 1<sup>st</sup> April, 2022 with immediate effect and M/s. B.S Jain & Co., Chartered Accountants, has been appointed as Statutory Auditor of the Company.
- The statutory auditor of the Company M/s. B.S Jain & Co has resigned as an Auditor on 4<sup>th</sup> October, 2022 and M/s. Devadiya & Associates, Chartered Accountants, has been appointed as Statutory Auditor of the Company.

## Issue Schedule

Last date for credit of Rights Entitlements	[•]
Issue Opening Date	[•]
Last date for On-market renunciation of rights/Date of closure of trading of Rights Entitlements <sup>#</sup>	[•]
Issue Closing Date*	[•]
Finalising the basis of allotment with the Designated Stock Exchange (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.*

*\*\*Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

## Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees Ten Crores to Rupees Fifty Crores. Since the size of this Issue falls below this threshold, the Letter of Offer has been filed with BSE Limited and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with BSE Limited.

## CAPITAL STRUCTURE

Our Company's share capital, as on the date of this Letter of Offer, is set forth below:

(Amount in Lakhs except share data)

	Particulars	Aggregate value at Face Value	Aggregate value at Issue Price
<b>A</b>	<b>AUTHORISED SHARE CAPITAL</b>		
	1,20,00,000 Equity Shares of face value of Rs. 10.00/- each*	1200.00	N.A.
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THE ISSUE</b>		
	1,19,70,000 Equity Shares of face value of Rs. 10.00/- each	1197.00	N.A.
<b>C</b>	<b>PRESENT ISSUE BEING OFFERED TO THE EXISTING EQUITY SHAREHOLDERS THROUGH THIS LETTER OF OFFER<sup>(1)</sup></b>		
	Upto [•]# Rights Equity Shares of face value of Rs. 10.00/- each for cash at a price of Rs. [•] per Equity Share <sup>(4)</sup>	[•]	[•]
<b>D</b>	<b>ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE</b>		
	1,19,70,000 Fully Paid-up Equity Shares	1197.00	N.A.
<b>E</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before this Issue		1132.56
	After this Issue <sup>(2)</sup>		[•]

<sup>(1)</sup>This Issue has been authorised by a resolution passed by our Board at its meeting held on 18<sup>th</sup> October, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

<sup>(2)</sup>Assuming full subscription of the Issue.

**\*\*Assuming full acceptance and subject to finalization of Basis of Allotment, Allotment and deduction of Issue Expenses.**

## 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.

- iii. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Letter of Offer. For further details on the terms of the Issue, please see the chapter titled “Terms of the Issue” on page 145 of this Letter of Offer.

#### A. Shareholding of Promoter and Promoter Group:

The details of Equity Shares held by the Promoter and Promoter Group including the details of lock-in, pledge and encumbrance on such Equity Shares as on September 30, 2023 are set forth below:

Sr. No.	Name of the Promoter & Promoter Group	Number of fully paid-up Equity Shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Details of Equity Shares pledged / encumbered		Details of Equity Shares locked-in	
				No. of Equity Shares	% of total shares held	No. of Equity Shares	% of Total Shares held
1.	Chaitanya Chinubhai Nanavati	100	0.00	0	0.00	0	0.00
2.	Keyur Dipakkumar Shah	48,84,000	40.80	0	0.00	23,95,000	34.99
3.	Dipna Keyur Shah	19,61,500	16.39	0	0.00	0	0.00
4.	Dhara Nrupeshbhai Shah	100	0.00	0	0.00	0	0.00
<b>Total</b>		<b>68,45,700</b>	<b>57.19</b>	<b>0</b>	<b>0.00</b>	<b>23,95,000</b>	<b>34.99</b>

None of the Equity Shares held by our Promoter and Promoter Group are pledged with any bank or institution, or otherwise encumbered.

#### B. Details of Equity Shares acquired by Promoter or Promoter Group in the last one year

None of the Equity shares have been acquired by our Promoter and/ or Promoter Group in the last one year.

#### C. Intention and extent of participation in the Issue by the Promoter and Promoter Group

The Promoters and members of the Promoter Group of our Company have indicated their intention to subscribe, jointly and/or severally to the full extent of their Rights Entitlement and any Rights Entitlement renounced in their favour by any other Promoter(s) or member(s) of the Promoter Group of our Company subject to availability of funds. Further, in case of under-subscription of part of issue, the Promoters and members of Promoter Group shall subscribe the under-subscribed portion of shares.

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, pursuant to this Issue.

- D. The ex-rights price per Equity Share arrived in accordance with Regulation 10(4)(b) of the SEBI SAST Regulations is [●].
- E. At any given time, there shall be only one denomination of the Equity Shares.
- F. The details of the promoter and promoter group shareholders holding of the Company as on date of this Letter of Offer are as under:

Sr. No.	Name of Promoters and Promoter Group***	No. of Equity Shares held	% of Total share capital
1.	Chaitanya Chinubhai Nanavati	100	0.00
2.	Keyur Dipakkumar Shah	48,84,000	40.80
3.	Dipna Keyur Shah	16,64,500	16.39
4.	Dhara Nrupeshbhai Shah	100	0.00
<b>Total</b>		<b>65,48,700</b>	<b>54.71</b>

**G. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:**

- Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchange, i.e., as on September 30, 2023 is available on the website of BSE at <https://www.bseindia.com/stock-share-price/dipna-pharmachem-ltd/dpl/543594/shareholding-pattern/>
- Statement showing holding of the Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on September 30, 2023 can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=543594&qtrid=119.00&QtrName=September%202023>
- The statement showing holding of Equity Shares belonging to the category “Public” including the details of lock-in, pledge of and encumbrance thereon as on September 30, 2023, can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=543594&qtrid=119.00&QtrName=September%202023>
- Statement showing shareholding pattern of the Non Promoter-Non Public shareholder of our Company as on September 30, 2023 can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=543594&qtrid=119.00&QtrName=September%202023>



## SECTION – V PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

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

1. Incremental working capital requirements; and
2. General Corporate Purpose.

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

### ISSUE PROCEEDS

The Details of Issue proceeds and its utilization are as under:

Particulars	Estimated Amount (in Lakhs)
<b>Gross Proceeds to be raised through the Issue*</b>	<b>1300.00</b>
Less: Issue related expenses	25.00
<b>Net Proceeds to be raised through the issue</b>	<b>1275.00</b>
Utilization of the net proceeds	
(a) Incremental working capital requirements	1000.00
(b) General Corporate Purpose**	275.00
<b>Net Proceeds</b>	<b>1275.00</b>

\*Assuming full subscription and allotment with respect to the Rights Equity Shares.

\*\*The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

### UTILISATION OF NET ISSUE PROCEEDS

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

Sr. No.	Particulars	Amount to be financed from Net Proceeds of the Issue (Rs. in Lakhs)	Estimated deployment in FY 2023-24 (Rs. in Lakhs)	Estimated deployment in FY 2024-25 (Rs. in Lakhs)
1.	Incremental Working Capital	1000.00	1000.00	-
2.	General Corporate Purpose**	275.00	275.00	-
	<b>Net Proceeds*</b>	<b>1275.00</b>	<b>1275.00</b>	-

^Any portion of the Net Proceeds not deployed for the stated objects in FY 2023-24 will be deployed by our Company in FY 2024-25.

\*Assuming full subscription and allotment with respect to the Rights Equity Shares.

\*\*The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any Bank or Financial Institution. The deployment of funds raised through this Issue is 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. In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. Our historical funding requirements may not be reflective of our future funding plans. We may have to revise our funding requirements, and deployment from time to time on account of various factors such as economic and business conditions, increased competition and other external factors which may not be within our control. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law.

In case of any increase in the actual utilization of funds earmarked for any of the objects of the Issue or a shortfall in raising requisite capital from the Net Proceeds, such additional funds for a particular activity will be met by means available to us, including by way of incremental debt and/or internal accruals. If the actual utilization towards any of the objects is lower than the proposed deployment, such balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purpose will not exceed 25% of the Gross Proceeds from the Issue in accordance with applicable law.

## Means of Finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised to be issue and through existing identifiable accruals.

## DETAILS OF USE OF ISSUE PROCEEDS

### 1. Incremental working capital requirements

Our business is working capital intensive. We finance our working capital requirement from our internal accruals, and bank finance. Considering the existing and future growth, the incremental working capital needs of our Company, as assessed based on the internal workings of our Company is expected to reach ₹ 1000.00 Lakhs.

We intend to meet our working capital requirements to the extent of ₹ 1000.00 Lakhs from the Net Proceeds of this Issue and the balance will be met from internal accruals at an appropriate time as per the requirement.

### Basis of estimation of working capital

Particulars	Projected amount (in lakhs)
<b>(A) Current Assets</b>	
Inventories	3702.54
Trade Receivables	3897.41
Cash and cash equivalents	602.25
Others (to be specified)	205.65
<b>Total Current Assets (A)</b>	<b>8407.85</b>
<b>(B) Current Liabilities</b>	
Short term borrowings	214.25
Trade Payables	3085.45
Other current liabilities	48.87
Provisions	52.71
<b>Total Current Liabilities (B)</b>	<b>3401.28</b>
<b>Net Working Capital (A-B)</b>	<b>5006.57</b>
<b>Working capital Gap</b>	<b>1157.03</b>
<b>Working capital funding through Rights Issue excl. of issue expenses</b>	<b>1000.00</b>
<b>Internal accruals</b>	<b>157.03</b>

**A. Detailed Assessment of Working Capital:**

The details of our Company's composition of working capital as at March 31, 2024 and March 31, 2025 based on the Financial Statements. Further, the source of funding of the same are as set out in the table below:

**(Rs. in Lakhs)**

Particulars	2019-20 (Aud.)	2020-21 (Aud.)	2021-22 (Aud.)	2022-23 (Aud.)	2023-24 (Proj.)	2024-25 (Proj.)
1. Income						
(i) Sales-Domestic	3053.85	3099.71	7148.04	9975.18	12967.73	16858.05
(ii) Other Operating Income	0.00	0.00	127.50	17.53	22.79	29.63
(iii) Other Income	1.00	1.84	1.04	0.63	0.00	0.00
<b>TOTAL</b>	<b>3054.85</b>	<b>3101.55</b>	<b>7276.58</b>	<b>9993.34</b>	<b>12990.52</b>	<b>16887.68</b>
2. Net Income	3054.85	3101.55	7276.58	9993.34	12990.52	16887.68
3. Percentage of rise / fall in Net income	0.00	1.53	134.61	37.34	29.99	30.00
4. Cost of Sales						
(i) Purchase	3116.16	3122.08	6766.67	10813.00	14149.80	16779.73
(ii) Power and Fuel	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Labourr	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Other Manufacturing Expenses	3.77	1.25	4.96	0.00	48.87	61.24
(v) Depreciation	0.88	0.72	0.62	1.17	1.521	1.98
<b>(vi) Sub-total (i to vi)</b>	<b>3120.81</b>	<b>3124.05</b>	<b>6772.25</b>	<b>10814.17</b>	<b>14200.19</b>	<b>16842.95</b>
(vii) Cost of Production	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Add : Op. stocks of F.G.	333.55	555.25	719.50	630.35	1894.30	3702.54
<b>Sub-Total</b>	<b>333.55</b>	<b>555.25</b>	<b>719.50</b>	<b>630.35</b>	<b>1894.30</b>	<b>3702.54</b>
(ix) Deduct : Closing stocks of F.G.	555.25	719.5	630.35	1894.30	3702.54	4437.94
(x) Cost of Sales	2899.11	2959.80	6861.40	9550.22	12391.95	16107.54
5. Selling, General and Adm. Expenses	138.02	129.30	197.19	209.36	259.81	337.75
<b>6. Subtotal (4 + 5)</b>	<b>3037.13</b>	<b>3089.10</b>	<b>7058.59</b>	<b>9759.58</b>	<b>12651.77</b>	<b>16445.30</b>
7. Operating Profit before Interest (3 - 6)	154.74	139.91	414.14	442.49	598.57	780.14
8. Other Financial Charges.	11.72	6.94	60.57	95.64	129.91	168.88
<b>Total Financial Charges</b>	<b>11.72</b>	<b>6.94</b>	<b>60.57</b>	<b>95.64</b>	<b>129.91</b>	<b>168.88</b>
9. Operating Profit after Interest (7 - 8)	143.02	132.97	353.57	346.85	468.66	611.26
10. Profit before Tax / Loss	6.00	5.51	157.42	138.12	208.85	273.51
11. Statutory Liabilities	0.10	3.08	40.74	46.95	52.57	68.84

<b>12. Net Profit [10 – 11]</b>	<b>5.90</b>	<b>2.43</b>	<b>116.68</b>	<b>91.17</b>	<b>156.28</b>	<b>204.67</b>
13. Retained Profit	5.90	2.43	116.68	91.17	156.28	204.67
14. Retained Profit / Net Profit (% age)	100.00	100.00	100.00	100.00	100.00	100.00
<b>Current Liabilities:</b>						
01 Short Term Borrowings from Banks						
(i) From other Bank (Secured)	274.19	280.19	439.11	173.06	214.25	235.68
(ii) From related parties	681.21	962.43	0.00	0.00	0.00	0.00
<b>Sub - Total (A)</b>	<b>955.40</b>	<b>1242.62</b>	<b>439.11</b>	<b>173.06</b>	<b>214.25</b>	<b>235.68</b>
02 Sundry Creditors	734.28	1143.66	2191.26	3523.89	3085.45	4011.08
03 Statutory Liabilities	2.68	1.66	127.21	101.15	52.71	69.10
04 Advance from customers	97.07	34.22	111.74	104.36	0.00	0.00
05 Other C.L. & Provisions (Specify Major Items)	0.00	0.00	0.00	0.00	48.87	61.24
<b>Sub - Total (B)</b>	<b>834.03</b>	<b>1179.54</b>	<b>2430.21</b>	<b>3729.40</b>	<b>3187.03</b>	<b>4141.42</b>
<b>06 Total Current Liabilities</b>	<b>1789.43</b>	<b>2422.16</b>	<b>2869.32</b>	<b>3902.46</b>	<b>3401.28</b>	<b>4377.10</b>
07 Unsecured Loans from Banks / Directors	0.00	0.00	333.03	8.82	0.00	0.00
08 Secured borrowings	0.00	0.00	246.74	1408.87	1417.69	1417.69
09 Other Term Liabilities (Q.E.)	0.00	0.00	0.00	0.00	0.00	0.00
<b>10 Total Term Liabilities (Total of 07 to 09)</b>	<b>0.00</b>	<b>0.00</b>	<b>579.77</b>	<b>1417.69</b>	<b>1417.69</b>	<b>1417.69</b>
<b>11 Total outside Liabilities (06 + 10)</b>	<b>1789.43</b>	<b>2422.16</b>	<b>3449.09</b>	<b>5320.15</b>	<b>4818.97</b>	<b>5794.79</b>
12 Paid-Up Capital	3.50	3.50	3.50	1197.00	2197.00	2197.00
13 Reserves and Surplus	22.50	22.50	22.50	1132.56	1132.56	1132.56
14 Surplus (+) or Deficit (-) in Profit and Loss account	28.75	31.17	147.85	106.24	262.52	467.19
<b>15 Net Worth (Total of 12 to 14)</b>	<b>54.75</b>	<b>57.17</b>	<b>173.85</b>	<b>2435.80</b>	<b>3592.08</b>	<b>3796.75</b>
<b>16 Total Liabilities (11 + 15)</b>	<b>1844.18</b>	<b>2479.33</b>	<b>3622.94</b>	<b>7755.95</b>	<b>8411.05</b>	<b>9591.53</b>
17 Cash and Bank Balances	17.80	25.32	20.87	569.22	602.25	714.21
18 (I) Receivables other than deferred & Exports including B.P./B.D. by Bank)	1120.12	1494.77	2697.48	2853.17	3897.41	4222.19

(iii) Finished Goods	555.25	719.50	630.35	1894.31	3702.54	4437.94
19 Advances to suppliers of Raw mate. stores/spares	131.45	49.19	248.56	42.56	205.65	215.24
20 Other Current Assets						
(i) Current Investment	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Loans & advances	0.00	177.25	1.04	2260.93	0.00	0.00
(iii) Others	15.27	9.24	20.54	131.76	0.00	0.00
<b>21 Total Current Assets</b>	<b>1839.89</b>	<b>2475.27</b>	<b>3618.84</b>	<b>7751.95</b>	<b>8407.85</b>	<b>9589.58</b>
22 Gross Block (incl. work in progress)	6.85	7.35	8.03	9.04	10.25	11.77
23 Depreciation to-date	2.57	3.29	3.92	5.08	6.60	8.58
<b>24 Net Block (22 - 23)</b>	<b>4.28</b>	<b>4.06</b>	<b>4.11</b>	<b>3.96</b>	<b>3.65</b>	<b>3.19</b>
(a) Investment in group Cos.	0.00	0.00	0.00	0.00	0.00	0.00
(b) Others	0.00	0.00	0.00	0.00	0.00	0.00
(c) Loans & advances	0.00	0.00	0.00	0.00	0.00	0.00
<b>25 Total Other Non-Current Assets (a + b)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>26 Total Assets (Total of 21, 24 &amp; 25)</b>	<b>1844.17</b>	<b>2479.33</b>	<b>3622.95</b>	<b>7755.91</b>	<b>8411.50</b>	<b>9592.78</b>
27 Tangible Net Worth	54.74	57.17	173.86	2435.76	3592.53	3797.99
28 Net Working Capital	50.46	53.11	749.52	3849.49	5006.57	5212.49
29 Current Ratio C.R. (Excluding Term Loan Instalment)	1.03	1.02	1.26	1.99	2.47	2.19
<b>30 Total outside Liabilities / Tangible Net Worth (TOL / TNW)</b>	<b>32.69</b>	<b>42.37</b>	<b>19.84</b>	<b>2.18</b>	<b>1.34</b>	<b>1.53</b>
31 Additional working capital requirement	NA	NA	NA	NA	1157.08	NA
32 Sourced by right issue	NA	NA	NA	NA	1000.00	NA
33 Internal accrual	NA	NA	NA	NA	157.08	NA

## Assumptions for working capital requirements:

Particulars	No. of outstanding or holding level for the (in Months)						Justification for Holding
	2019-20	2020-21	2021-22	2022-23	2023-24 (Projected)	2024-25 (Projected)	
Inventory	56	79	36	48	82	92	In financial year ending 2020, 2021, 2022 and 2023 our Inventory holding period was 56 days, 79 days, 36 days and 48 days respectively. We are estimating to maintain the Inventory holding period at levels of 82 days for financial year ending 2024 as per our projected financials and market condition.
Trade Receivables	134	154	107	102	95	88	In financial year ending 2020, 2021, 2022 and 2023 our receivables' holding period was 134 days, 154 days, 107 days and 102 days respectively. We are estimating to maintain the receivables holding period at levels of 95 days for financial year ending 2024 as per our projected financials and market condition. We are estimating the reduction in Trade Receivables holding period in FY 23-24 on account of better realization from its Debtors.
Trade Payables	86	110	90	87	85	77	In financial year ending 2020, 2021, 2022 and 2023 our payables' holding period was 86 days, 110 days, 90 days and 87 days respectively. We are estimating to maintain the payables holding period at levels of 85 days for financial year ending 2024 as per our projected financials and market condition. However, going forward we are estimating to maintain the Creditor holding period at levels of 85 days for Financial year 2023-24 to avail better pricing and reducing the cost of purchase.

## 2. General Corporate Purpose

We intend to deploy Rs. [•] from Gross Proceeds of the Rights Issue towards General Corporate purposes. The General Corporate purposes for which our Company proposes to utilize issue proceeds include but not restricted to entering into brand building exercises and strengthening our marketing capabilities, general maintenance, partnerships, tie-ups or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by our Board of Directors. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for General Corporate purposes. Further, the amount for General Corporate purposes, as mentioned in this Letter of Offer, shall not exceed 25% of the amount raised by our Company through this Issue.

## ISSUE EXPENSES

The total expenses of the Issue are estimated to be approximately [•]\*. The expenses of the Issue include, among others, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, marketing expenses and other expenses.

The estimated Issue expenses are as under:

Particulars	Expenses (in Lakhs)	% of Estimated Issue Size	% of the Issue Expenses
Fees of Banker to the Issue, Registrar to the Issue, Auditor's Fees, etc. including out of pocket expenses	[•]	[•]	[•]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[•]	[•]	[•]
Advertising, Printing and Distribution	[•]	[•]	[•]
Other expenses (including miscellaneous expenses and stamp duty)	[•]	[•]	[•]
<b>Total</b>	<b>[•]</b>	<b>[•]</b>	<b>[•]</b>

\* Subject to finalization of Basis of Allotment and actual Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards Issue Expenses/general corporate purpose. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.

## **APPRAISAL OF THE OBJECTS**

None of the objects for which the Net Proceeds will be utilized have been appraised by any agency.

## **INTERIM USE OF FUNDS**

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by SEBI. We confirm that pending utilization of the Net Proceeds for the objects of the Issue, our Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate or related products.

## **BRIDGE LOAN**

Our Company has not raised any bridge loans from any Bank or Financial Institution as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities, including through secured or unsecured loans or any short-term instrument pending receipt of the Net Proceeds.

## **MONITORING UTILIZATION OF FUNDS FROM ISSUE**

As this is an Issue for an amount less than ₹10,000 Lakhs, there is no requirement for the appointment of a monitoring agency. The Board or its duly authorized committees will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Issue Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

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. The statement shall be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement including deviations and variations, if any, in the utilization of the Issue Proceeds from the Objects of the Issue as stated above.

## **STRATEGIC AND FINANCIAL PARTNERS TO THE OBJECTS OF THE ISSUE**

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

## **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.

## **OTHER CONFIRMATIONS**

No part of the Net Proceeds will be paid by us as consideration to our Promoters and Promoter Group, our Directors, Associates or Key Managerial Personnel, and in the normal course of business and in compliance with the applicable laws.

## **VARIATION IN OBJECTS**

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

## STATEMENT OF POSSIBLE TAX BENEFITS

To  
**The Board of Directors,**  
**Dipna Pharmachem Limited**  
Ahmedabad

Dear Sir,

**Reference – Rights Offer of Equity Shares by Dipna Pharmachem Limited**

**Subject - Statement of possible tax benefits ("the statement") available to Dipna Pharmachem Limited ("the Company") and its shareholders**

1. We hereby confirm that the enclosed Annexure 1 and 2 (together "**the Annexures**"), prepared by Dipna Pharmachem Limited ("**the Company**"), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income tax Act, 1961 ("**the Act**") as amended by the Finance Act 2023, circular and notifications issued from time to time, i.e. applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25, the Central Goods and Services Tax Act, 2017 and the Integrated Goods and Services Tax Act, 2017, circular and notifications issued from time to time, i.e., applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25 ("**the Indirect Tax Act**"), presently in force in India (together, the "**Tax Laws**"), several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering.
3. We do not express any opinion or provide any assurance as to whether:
  - i. the Company or its shareholders will continue to obtain these benefits in future;
  - ii. the conditions prescribed for availing the benefits have been/would be met with; and
  - iii. the revenue authorities' courts will concur with the views expressed herein.
4. The content of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
5. No assurance is given that the revenue authorities/courts will concur with the view expressed herein. Our views are based on existing provisions of law and its implementation, which are subject to change from time to time. We do not assume any responsibility to updates the views consequent to such changes.
6. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
7. This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibility under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for inclusion in the Letter of Offer/Offer Documents in connection with the proposed issue of Equity shares and is not be used, referred to or distributed for any other purpose without our written consent.

**For, Devadiya & Associates,**  
**Chartered Accountants**  
FRN: 123045W

**Sd/-**  
**(CA Sandip Kothari)**  
**Partnership Firm**  
**Membership No.: 118849**  
**UDIN: 23118849BGRRMS4135**

**Date: 18/10/2023**  
**Place: Ahmedabad**



## **ANNEXURE 1 TO THE STATEMENT OF TAX BENEFITS**

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

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

**A. Special Tax Benefits to the Company**

The Company is not entitled to any special tax benefits under the Direct Tax Act.

**B. Special Tax Benefits to the Shareholder**

The Shareholders of the Company are not entitled to any special tax benefits under Direct Tax Act.

**Note:**

1. All the above benefits are as per the current tax laws and will be available only to the sole/first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

**For, Devadiya & Associates,**

**Chartered Accountants**

**FRN: 123045W**

**Sd/-**

**(CA Sandip Kothari)**

**Partnership Firm**

**Membership No.: 118849**

**UDIN: 23118849BGRRMS4135**

**Date: 18/10/2023**

**Place: Ahmedabad**

## **ANNEXURE 2 TO THE STATEMENT OF TAX BENEFITS**

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

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

**A. Special Tax Benefits to the Company**

The Company is not entitled to any special tax benefits under the Goods and Services Tax Act.

**B. Special Tax Benefits to the Shareholder**

The Shareholders of the Company are not entitled to any special tax benefits under the Goods and Services Tax Act.

**Note:**

1. All the above benefits are as per the current tax laws and will be available only to the sole/first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant indirect tax law benefits and does not cover any direct tax law benefits or benefit under any other law.

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the Letter of Offer/Offer Documents.

**For, Devadiya & Associates,  
Chartered Accountants  
FRN: 123045W**

**Sd/-  
(CA Sandip Kothari)  
Partnership Firm  
Membership No.: 118849  
UDIN: 23118849BGRMS4135**

**Date: 18/10/2023  
Place: Ahmedabad**

**INDUSTRY OVERVIEW**

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and other industry sources. Neither we nor any other person connected with this Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but 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 fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.
- The recent resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking, reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. Financial sector turbulence could resume as markets adjust to further policy tightening by central banks. China's recovery could slow, in part as a result of unresolved real estate problems, with negative cross-border spillovers. Sovereign debt distress could spread to a wider group of economies. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient.
- In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthening financial supervision and risk monitoring. Should market strains materialize, countries should provide liquidity promptly while mitigating the possibility of moral hazard. They should also build fiscal buffers, with the composition of fiscal adjustment ensuring targeted support for the most vulnerable. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels.

➤ **FORCES SHAPING THE OUTLOOK**

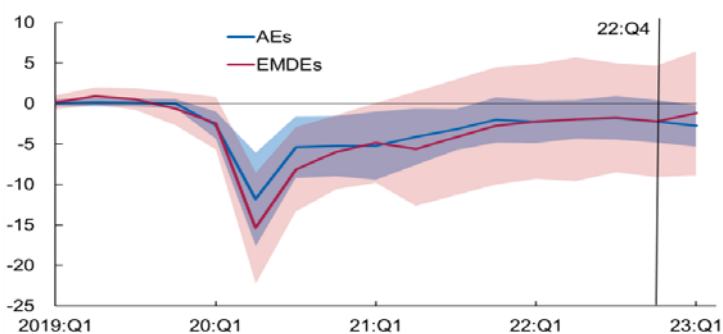
- The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine is slowing amid widening divergences among economic sectors and regions.
- The World Health Organization (WHO) announced in May that it no longer considers COVID-19 to be a "global health emergency." Supply chains have largely recovered, and shipping costs and suppliers' delivery times are back to pre-pandemic levels. But forces that hindered growth in 2022 persist. Inflation remains high and continues to erode household purchasing power. Policy tightening by central banks in response to inflation has raised the cost of borrowing, constraining economic activity. Immediate concerns about the health of the banking sector have subsided, but high interest rates are filtering through the financial system, and banks in advanced economies have significantly tightened lending standards, curtailing the supply of credit. The impact of higher interest rates extends to public finances, especially in poorer countries grappling with elevated debt costs, constraining room for priority investments. As a result, output losses compared with pre-pandemic forecasts remain large, especially for the world's poorest nations.
- Despite these headwinds, global economic activity was resilient in the first quarter of 2023, with that resilience driven mainly by the services sector. The post-pandemic rotation of consumption back toward services is approaching completion in advanced economies (including in tourism-dependent economies of southern Europe), and it accelerated in a number of emerging market and developing economies in the first quarter (Figure 1). However, as mobility returns to pre-pandemic levels, the scope for further acceleration appears more limited.

- At the same time, nonservices sectors, including manufacturing, have shown weakness, and high-frequency indicators for the second quarter point to a broader slowdown in activity. Amid softening consumption of goods, heightened uncertainties regarding the future geoeconomic landscape, weak productivity growth, and a more challenging financial environment, firms have scaled back investment in productive capacity. Gross fixed capital formation and industrial production have slowed sharply or contracted in major advanced economies, dragging international trade and manufacturing in emerging markets with them. International trade and indicators of demand and production in manufacturing all point to further weakness. Excess savings built up during the pandemic are declining in advanced economies, especially in the United States, implying a slimmer buffer to protect against shocks, including those to the cost of living and those from more restricted credit availability.

- The fight against inflation continues.*

Inflation is easing in most countries but remains high, with divergences across economies and inflation measures. Following the buildup of gas inventories in Europe and weaker-than-expected demand in China, energy and food prices have dropped substantially from their 2022 peaks, although food prices remain elevated. Together with the normalization of supply chains, these developments have contributed to a rapid decline in headline inflation in most countries. Core inflation, however, has on average declined more gradually and remains well above most central banks' targets. Its persistence reflects, depending on the particular economy considered, pass-through of past shocks to headline inflation into core inflation, corporate profits remaining high, and tight labor markets with strong wage growth, especially in the context of weak productivity growth that lifts unit labor costs. However, to date, wage-price spirals—wherein prices and wages accelerate together for a sustained period—do not appear to have taken hold in the average advanced economy, and longer-term inflation expectations remain anchored. In response to the persistence of core inflation, major central banks have communicated that they will need to tighten monetary policy further. The Federal Reserve paused rate hikes at its June meeting but signaled further ones ahead, and the Reserve Bank of Australia, Bank of Canada, Bank of England, and European Central Bank have continued to raise rates. At the same time, in some other economies, particularly in East Asia, where mobility curbs during the pandemic restricted demand for services longer than elsewhere, core inflation has remained low. In China, where inflation is well below target, the central bank recently cut policy interest rates. The Bank of Japan has kept interest rates near zero under the quantitative and qualitative monetary easing with yield curve control policy.

**Figure 1. Value Added in the Services Sector: Distance to Pre-Pandemic Trends (Percent)**



Sources: Haver Analytics; and IMF staff calculations.

Note: The lines denote means and the bands represent one standard deviation around the means. For 18 AEs, the sample comprises AUS, CAN, CHE, CZE, DEU, DNK, ESP, FRA, GBR, ISR, ITA, KOR, NOR, NZL, SGP, SWE, TWN, and USA. For 16 EMDEs, the sample comprises ARG, BRA, CHL, CHN, COL, HUN, IDN, IND, MEX, MYS, PER, PHL, RUS, THA, TUR, and ZAF. Economy list uses International Organization for Standardization (ISO) country codes. AEs = advanced economies; EMDEs = emerging market and developing economies.

*Acute stress in the banking sector has receded, but credit availability is tight.* Thanks to the authorities' swift reaction, the March 2023 banking scare remained contained and limited to problematic regional banks in the United States and Credit Suisse in Switzerland. Accordingly, since the April 2023 WEO, global financial conditions have eased (Box 1), a sign that financial markets may have become less concerned about risks to financial stability coming from the banking sector. But tight monetary policy continues to put some banks under pressure, both directly (through higher costs of funding) and indirectly (by increasing credit risk). Bank lending surveys in the United States and Europe suggest that banks restricted access to credit considerably in the first quarter of 2023, and they are expected to continue to do so in coming months. Corporate loans have been declining lately, as has commercial real estate lending.

*Following a reopening boost, China's recovery is losing steam.* Manufacturing activity and consumption of services in China rebounded at the beginning of the year when Chinese authorities abandoned their strict lockdown policies; net exports contributed strongly to sequential growth in February and March as supply chains normalized and firms swiftly put backlogs of orders into production. Nonetheless, continued weakness in the real estate sector is weighing on investment, foreign demand remains weak, and rising and elevated youth unemployment (at 20.8 percent in May 2023) indicates labor market weakness. High-frequency data through June confirm a softening in momentum into the second quarter of 2023.

## ➤ GROWTH SLOWING, WITH SHIFTING COMPOSITION

**Global growth** is projected to fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024 on an annual average basis (Table 1). Compared with projections in the April 2023 WEO, growth has been upgraded by 0.2 percentage point for 2023, with no change for 2024. The forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8 percent. It is also below the historical average across broad income groups, in overall GDP as well as per capita GDP terms. Advanced economies continue to drive the decline in growth from 2022 to 2023, with weaker manufacturing, as well as idiosyncratic factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions. On a year-over-year basis, global growth bottomed out in the fourth quarter of 2022. However, in some major economies, it is not expected to bottom out before the second half of 2023.

World trade growth is expected to decline from 5.2 percent in 2022 to 2.0 percent in 2023, before rising to 3.7 percent in 2024, well below the 2000–19 average of 4.9 percent. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of US dollar appreciation—which slows trade owing to the widespread invoicing of products in US dollars—and rising trade barriers.

These forecasts are based on a number of assumptions, including those regarding fuel and nonfuel commodity prices and interest rates. Oil prices rose by 39 percent in 2022 and are projected to fall by about 21 percent in 2023, reflecting the slowdown in global economic activity. Assumptions regarding global interest rates have been revised upward, reflecting actual and signaled policy tightening by major central banks since April. The Federal Reserve and Bank of England are now expected to raise rates by more than assumed in the April 2023 WEO—to a peak of about 5.6 percent in the case of the Federal Reserve—before reducing them in 2024. The European Central Bank is assumed to raise its policy rate to a peak of 3¾ percent in 2023 and to ease gradually in 2024. Moreover, with near-term inflation expectations falling, real interest rates are likely to stay up even after nominal rates start to fall.

For *advanced economies*, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. About 93 percent of advanced economies are projected to have lower growth in 2023, and growth in 2024 among this group of economies is projected to remain at 1.4 percent.

- In the *United States*, growth is projected to slow from 2.1 percent in 2022 to 1.8 percent in 2023, then slow further to 1.0 percent in 2024. For 2023, the forecast has been revised upward by 0.2 percentage point, on account of resilient consumption growth in the first quarter, a reflection of a still-tight labor market that has supported gains in real income and a rebound in vehicle purchases. However, this consumption growth momentum is not expected to last: Consumers have largely depleted excess savings accumulated during the pandemic, and the Federal Reserve is expected to raise rates further.
- Growth in the *euro area* is projected to fall from 3.5 percent in 2022 to 0.9 percent in 2023, before rising to 1.5 percent in 2024. The forecast is broadly unchanged, but with a change in composition for 2023. Given stronger services and tourism, growth has been revised upward by 0.4 percentage point for *Italy* and by 1.0 percentage point for *Spain*. However, for *Germany*, weakness in manufacturing output and economic contraction in the first quarter of 2023 means that growth has been revised downward by 0.2 percentage point, to –0.3 percent.
- Growth in the *United Kingdom* is projected to decline from 4.1 percent in 2022 to 0.4 percent in 2023, then to rise to 1.0 percent in 2024. This is an upward revision of 0.7 percentage point for 2023, reflecting stronger-than-expected consumption and investment from the confidence effects of falling energy prices, lower post-Brexit uncertainty (following the Windsor Framework agreement), and a resilient financial sector as the March global banking stress dissipates.
- Growth in *Japan* is projected to rise from 1.0 percent in 2022 to 1.4 percent in 2023, reflecting a modest upward revision, buoyed by pent-up demand and accommodative policies, then slow to 1.0 percent in 2024, as the effects of past stimuli dissipate.

For *emerging market and developing economies*, growth is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent 2024, with modest revisions of 0.1 percentage point for 2023 and –0.1 percentage point for 2024. However, this stable average masks divergences, with about 61 percent of the economies in this group growing faster in 2023 and the rest—including low-income countries and three of the five geographic regions described in what follows—growing more slowly.

- Growth in *emerging and developing Asia* is on track to rise to 5.3 percent in 2023, then to moderate to 5.0 percent in 2024, reflecting a modest (0.1 percentage point) downward revision for 2024. The forecast for *China* is unchanged at 5.2 percent for 2023 and 4.5 percent for 2024, but with a change in composition: Consumption growth has evolved broadly in line with April 2023 WEO projections, but investment has underperformed due to the ongoing real estate downturn in that country. Stronger-than-expected net exports have offset some of the investment weakness, although their contribution is declining as the global economy slows. Growth in *India* is projected at 6.1 percent in 2023, a 0.2 percentage point upward revision compared with the April projection, reflecting momentum from stronger-than-expected growth in the fourth quarter of 2022 as a result of stronger domestic investment.
- Growth in *emerging and developing Europe* is projected to rise to 1.8 percent in 2023, reflecting a 0.6 percentage point upward revision since April, and to rise further to 2.2 percent in 2024. The forecast for Russia in 2023 has been revised upward by 0.8 percentage point to 1.5 percent, reflecting hard data (on retail trade, construction, and industrial production) that point to a strong first half of the year, with a large fiscal stimulus driving that strength.
- *Latin America and the Caribbean* is expected to see growth decline from 3.9 percent in 2022 to 1.9 percent in 2023, although this reflects an upward revision of 0.3 percentage point since April, and to reach 2.2 percent in 2024. The decline from 2022 to 2023 reflects the recent fading of rapid growth during 2022 after pandemic reopening, as well as lower commodity prices; the upward revision for 2023 reflects stronger-than-expected growth in *Brazil*—marked up by 1.2 percentage points to 2.1 percent since the April WEO—given the surge in agricultural production in the first quarter of 2023, with positive spillovers to activity in services. It also reflects stronger growth in *Mexico*, revised upward by 0.8 percentage point to 2.6 percent, with a delayed post-pandemic recovery in services taking hold and spillovers from resilient US demand.
- Growth in the *Middle East and Central Asia* is projected to decline from 5.4 percent in 2022 to 2.5 percent in 2023, with a downward revision of 0.4 percentage point, mainly attributable to a steeper-than-expected growth slowdown in *Saudi Arabia*, from 8.7 percent in 2022 to 1.9 percent in 2023, a negative revision of 1.2 percentage points. The downgrade for Saudi Arabia for 2023 reflects production cuts announced in April and June in line with an agreement through OPEC+ (the Organization of the Petroleum Exporting Countries, including Russia and other non-OPEC oil exporters), whereas private investment, including from “giga-project” implementation, continues to support strong non-oil GDP growth.
- In *sub-Saharan Africa*, growth is projected to decline to 3.5 percent in 2023 before picking up to 4.1 percent in 2024. Growth in *Nigeria* in 2023 and 2024 is projected to gradually decline, in line with April projections, reflecting security issues in the oil sector. In *South Africa*, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages, although the forecast has been revised upward by 0.2 percentage point since the April 2023 WEO, on account of resilience in services activity in the first quarter.

#### ➤ **CORE INFLATION DECLINING MORE GRADUALLY THAN HEADLINE INFLATION**

Global headline inflation is set to fall from an annual average of 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024, broadly as projected in April, but above pre-pandemic (2017–19) levels of about 3.5 percent. About three-quarters of the world’s economies are expected to see lower annual average headline inflation in 2023. Monetary policy tightening is expected to gradually dampen inflation, but a central driver of the disinflation projected for 2023 is declining international commodity prices. Differences in the pace of disinflation across countries reflect such factors as different exposures to movements in commodity prices and currencies and different degrees of economic overheating. The forecast for 2023 is revised down by 0.2 percentage point, largely on account of subdued inflation in China. The forecast for 2024 has been revised upward by 0.3 percentage point, with the upgrade reflecting higher-than-expected core inflation.

Core inflation is generally declining more gradually. Globally, it is set to decline from an annual average of 6.5 percent in 2022 to 6.0 percent in 2023 and 4.7 percent in 2024. It is proving more persistent than projected, mainly for advanced economies, for which forecasts have been revised upward by 0.3 percentage point for 2023 and by 0.4 percentage point for 2024 compared with the April 2023 WEO. Global core inflation is revised down by 0.2 percentage point in 2023, reflecting lower-than-expected core inflation in China, and up by 0.4 percentage point in 2024. On an annual average basis, about half of economies are expected to see no decline in core inflation in 2023, although on a fourth-quarter-over-fourth-quarter basis, about 88 percent of economies for which quarterly data are available are projected to see a decline. Overall, inflation is projected to remain above target in 2023 in 96 percent of economies with inflation targets and in 89 percent of those economies in 2024.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023>)



## **INDIAN ECONOMIC OUTLOOK:**

This year began with the anticipation that runaway inflation, aggressive policy rate hikes, and high commodity prices might topple a few major economies into recession in 2023. We are halfway past 2023 and, while the world is still in the woods, the probability of a recession this year has trimmed. Labor markets in several advanced countries remain tight, while the largest economy, the United States, is seeing a rebound in consumer confidence and spending. Risk spreads are declining on both sides of the Atlantic after the recent banking crisis in the United States.

India, meanwhile, enjoys a Goldilocks moment as it sees its economic activity gaining momentum amid continuing global uncertainties. The last quarter's GDP data was pleasantly surprising but not completely unexpected. The GDP growth in the fourth quarter has pushed up the full-year GDP growth of FY2022–23 to 7.2%, 200 basis points (bps) higher than the earlier estimate. The recently released Annual Economic Review for the month of May 2023 highlighted that the postpandemic quarterly trajectories of consumption and investment have crossed prepandemic levels.

Evidently, economists and analysts are bullish about the Indian economy. Our growth forecasts for FY2023–24 remain similar to our April forecast, although higher-than-expected growth in FY2022–23 has raised our base for comparison. That said, we have raised our lower limit of the range given the buoyancy of the economy. We expect India to grow between 6% and 6.3% in FY2023–24 and have a stronger outlook thereafter. In fact, if global uncertainties recede, we expect growth to surpass 7% over the next two years.

There are multiple downside risks to our forecasts, but we find the uncertainties around the actions of the central banks of major economies and the oil price movements this past quarter particularly interesting. In this edition, we highlight the significance of these developments and their future implications for India.

### ➤ *Indian economy enters a Goldilocks period—not too good, not bad either*

India grew by 6.1% in the last quarter, which is approximately ~100 bps higher than what the market had anticipated. While the overall growth was broad-based, many sectors such as construction and agriculture experienced more-than-expected growth. In fact, strong growth in manufacturing proved to be a reassuring development as modest growth in the sector in previous quarters had been a concern for policymakers.

On the expenditure side, exports performed well despite global headwinds, while imports recorded their slowest growth since December 2020, primarily because of easing crude oil prices bringing down India's import bills. Private consumption, the largest component of India's final demand, with a modest growth of 7.5% in FY2022–23, emerged as the weakest link in overall growth. The share of private consumption in GDP fell in the last quarter and was the lowest in the past seven quarters, dragged down by weak rural demand. However, things might be changing on that front as well.

Urban demand conditions have remained resilient, as evidenced by the sales of mid- to high-end segments of automobiles, the number of UPI transactions, and domestic air passenger traffic data. Rural demand, which was lagging, has also been rising lately, as seen in the sales of tractors, IIP nondurable goods, and Mahatma Gandhi National Rural Employment Guarantee Act data.

Overall, the first-quarter data of FY2024 instills confidence in the improving health of the economy. Inflation in the first quarter was 4.5%, the lowest since the quarter of September 2019. Goods and Services Tax collections remain strong, suggesting that revenue buoyancy will aid in improving the budgeted fiscal deficit ratio to GDP. At the same time, India's external account has been improving, thanks to the falling import bills as oil prices ease.

Interestingly, the credit-deposit ratio has continued to improve strongly from the lows of the pandemic despite the rising interest rates (figure 1). A deeper dive reveals that most of the lending is happening in the industry and services sector. This points to improving investment, which means that the supply side is gearing up to meet the rising demand.

### ➤ *Adelante (step forward) and Atras (step backward)—the salsa of central banks*

Central banks around the world are frantically dancing to the tune of inflation, which seems to be coming under control, although is still far from being tamed completely. Between the three major central banks—the US Federal Reserve (Fed), the European Central Bank (ECB), and the Bank of England (BoE)—the policy rates have been raised by 1440 bps within a span of 18 months. Yet, the 12-month average inflation after the first policy rate hike is significantly higher than the 12-month average inflation prior to the hike in these countries. Instead, liquidity conditions have tightened too quickly in countries that had ultra-loose monetary policies for over a decade. Since these countries also host a large share of global investors, such an aggressive measure has unnerved the sentiments, leading to capital outflows from emerging countries.

Comparatively, India has had better success in taming inflation with relatively lesser policy tightening. The Reserve Bank of India (RBI) intervened in May 2022 and has increased the policy rate six times in 11 months since, increasing the repo rate by 250 bps. The inflation in June 2023 was 4.8%, considerably lower than the last fiscal year.

The only major country that has defied the global trend of raising or pausing policy rates is China, which cut its key policy rate (a much-awaited action) in response to low inflation (again an exception) and a weaker economic economy. It also increased liquidity in the market by injecting CNY 2 billion into the market through short-term bonds.

For those who may seek reassurance about the declining inflation in the United States and the European Union in the past few months, here is a spoiler: The headline inflation levels remain above the central bank's target level of 2%. Moreover, core inflation (after adjusting for food and fuel prices) remains resilient, suggesting there isn't enough tangible evidence of a stabilizing or declining inflation.

#### ➤ *Atras seems unlikely for central banks, but Adelante may also be challenging*

The US Fed's aggressive policy-rate hikes have had a significant impact on the US banking sector. In the first five months of 2023, the sector saw 18 defaults worth US\$21 billion. This number and volume of defaults are higher than all of 2021 and 2022 combined. Also, higher policy rates translate into higher mortgage rates, which is a source of concern for the US real estate sector. House prices and demand have been moderating in the United States lately. That does not bode well for an economy where housing (investment and services) accounts for 15% to 18% of GDP.

In addition to this, the recent resolution of the debt-ceiling crisis will also have added repercussions. Due to the resolution of the debt-ceiling crisis, the US Treasury will issue more bonds worth US\$1.1 trillion in short-dated Treasury securities by the end of 2023. This will drive up the bond yields and squeeze cash out of banks, which in turn will compel banks to raise their deposit rates. Besides, cheaper Treasury securities will put further pressure on banks' assets as they hold these securities.

#### ➤ *India to be in sync?*

A moderation in the rate hikes by the United States after a spree of rate hikes since February 2022 is a positive news for India. It has reduced the pressures on the RBI to maintain an interest differential needed for the currency carry trade (leveraging the interest-rate arbitrage) and to attract foreign investment (which has declined due to tighter global liquidity conditions).

China's easing of monetary policy has led to a depreciation of the Renminbi against the US dollars. A depreciated CNY will surely benefit Indian importers, who now pay a lesser amount for the same quantity of imports. However, cheaper products are likely to increase India's dependence on China for critical inputs. This is likely to adversely impact the overall trade deficit with China, which is already a concern for India. For a nation that has seen its trade deficit with China go up sharply, a depreciating INR against the Chinese currency could make the deficit worse.

#### ➤ *Are oil prices son a slippery slope?*

Global crude oil prices have been trending down over the past few weeks owing to increased oil flows from Russia into the global markets, rising US production, and concerns over oil demand amid a weak economic outlook this year. This is despite the two cuts in oil production by the Organization of the Petroleum Exporting Countries (OPEC) nations since October 2022. Crude prices have been shed more than 40% as of June 2023 since the Russian invasion of Ukraine in February 2022. While WTI fell below US\$70 per barrel this week (US\$67.1 per barrel on June 12) before going up again, Brent prices have hovered around US\$75 per barrel.

To reverse this trend, Saudi Arabia, the top producer in the OPEC cartel, has recently unanimously decided to cut production by another one million barrels per day from July and further limit the supply in 2024. These measures will likely keep prices volatile for a while, although the short-term outlook seems to be bearish.

Since India is a heavy importer of oil and oil products, lower oil prices will reduce import bills and aid in decreasing input costs for products that depend on crude oil or its derivatives, thereby reducing inflationary pressures.

#### ➤ *What lies ahead*

The first-quarter data points to further building on the positive momentum in the economic data. We continue to remain optimistic about the economy this year and expect India to grow between 6.0% and 6.3% during FY2023–24 in our baseline scenario, followed by 6.6% and 7.2% over the next two years as the global economy turns buoyant. However, if downside risks weigh on the economic fundamentals and outlook, we may see a substantial economic slowdown. For more on our optimistic and pessimistic scenarios, read "Key assumptions."



Our worry regarding inflation persists. Despite the recent easing of prices, core prices have not moderated yet. Besides, the risk of El Niño and a below-normal monsoon can bring back the pressure on food prices. We expect the fall in prices to be short-lived as demand picks up along with food prices and the uncertainties around prices remain high (hence, the broad range for forecasts over the next 1.5 years). However, the supply side will probably improve and may help the rebounding economy keep prices under check in the long run (with greater certainties). In any case, we expect inflation to remain in the upper range of the RBI's inflation target band over the entire forecast period.

#### ➤ KEY ASSUMPTIONS

**Optimistic scenario:** The Russia-Ukraine crisis does not escalate but prolongs for a long time. The bank crises remain contained and do not have a meaningful global impact. Growth in the United States and the European Union slows down over a tighter monetary policy this year but rebounds in 2024.

- The US Fed pauses policy-rate hikes till later this year, as inflation seems to be slowing.
- Crude oil prices remain range-bound within US\$75–80 per barrel, thus easing pressure on global inflation.
- The RBI balances growth, inflation, and depreciating currency against the US dollar, and capital flight by maintaining a tighter policy stance. It goes for one more hike before it halts any further hike.
- Government's efforts toward consolidation of expenses continue, supported by buoyant revenues.
- Inflation eases but remains vulnerable to food prices.
- Investors factor in uncertainties and focus on growth potential. Consequently, investments pick up robustly over the next two years.

**Pessimistic scenario:** The Russia-Ukraine crisis continues for a prolonged period. Tensions escalate with several nations getting directly involved in the war. The United States and Europe enter a recession. The crisis in the banking system raises significant tail risks for economic activity.

- Prolonged crisis has second-order implications for financial stability and supply-chain disruptions.
- Crude oil prices will breach US\$110 per barrel.
- Inflation spirals up globally, impeding growth in investments.
- The RBI makes further hikes but retracts later as growth tumbles.

(Source: <https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html>)

## INDIAN PHARMACEUTICAL INDUSTRY:



### ➤ INTRODUCTION

India is the largest provider of generic drugs globally and is known for its affordable vaccines and generic medications. The Indian Pharmaceutical industry is currently ranked third in pharmaceutical production by volume after evolving over time into a thriving industry growing at a CAGR of 9.43% since the past nine years. Generic drugs, over-the-counter medications, bulk drugs, vaccines, contract research & manufacturing, biosimilars, and biologics are some of the major segments of the Indian pharma industry. India has the most number of pharmaceutical manufacturing facilities that are in compliance with the US Food and Drug Administration (USFDA) and has 500 API producers that make for around 8% of the worldwide API market.

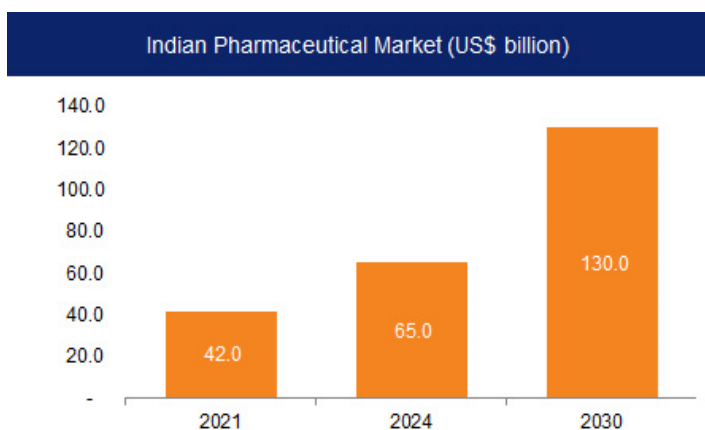
Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms. India is rightfully known as the "pharmacy of the world" due to the low cost and high quality of its medicines.



Indian pharmaceutical industry is known for its generic medicines and low-cost vaccines globally. Transformed over the years as a vibrant sector, presently Indian Pharma ranks third in pharmaceutical production by volume. The Pharmaceutical industry in India is the third largest in the world in terms of volume and 14th largest in terms of value. The Pharma sector currently contributes to around 1.72% of the country's GDP.

According to a recent EY FICCI report, as there has been a growing consensus over providing new innovative therapies to patients, Indian pharmaceutical market is estimated to touch US\$ 130 billion in value by the end of 2030. Meanwhile, the global market size of pharmaceutical products is estimated to cross over the US\$ 1 trillion mark in 2023.

## ➤ **MARKET SIZE**



Market size of India pharmaceuticals industry is expected to reach US\$ 65 billion by 2024, and ~US\$ 130 billion by 2030. According to the government data, the Indian pharmaceutical industry is worth approximately US\$ 50 billion with over US\$ 25 billion of the value coming from exports. About 20% of the global exports in generic drugs are met by India.

India is among the top 12 destinations for biotechnology worldwide and 3rd largest destination for biotechnology in Asia Pacific. In 2022, India's Biotechnology industry has crossed US\$ 80.12 billion, growing 14% from the previous year.

The Indian pharmaceutical industry has seen a massive expansion over the last few years and is expected to reach about 13% of the size of the global pharma market while enhancing its quality, affordability, and innovation.

The biosimilars market in India is estimated to grow at a compounded annual growth rate (CAGR) of 22% to become US\$ 12 billion by 2025. This would represent almost 20% of the total pharmaceutical market in India.

India is the 3rd largest producer of API accounting for an 8% share of the Global API Industry. About 500+ different APIs are manufactured in India, and it contributes 57% of APIs to prequalified list of the WHO.

The current market size of the medical devices sector in India is estimated to be US\$ 11 billion and its share in the global medical device market is estimated to be 1.5%.

Indian pharma companies have a substantial share in the prescription market in the US and EU. The largest number of FDA-approved plants outside the US is in India.

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market stood at US\$ 42 billion in 2021 and is likely to reach US\$ 65 billion by 2024 and further expand to reach US\$ 120-130 billion by 2030. India's biotechnology industry comprises biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics. The Indian biotechnology industry was valued at US\$ 70.2 billion in 2020 and is expected to reach US\$ 150 billion by 2025. India's medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion. As of August 2021, CARE Ratings expect India's pharmaceutical business to develop at an annual rate of ~11% over the next two years to reach more than US\$ 60 billion in value.

In the global pharmaceuticals sector, India is a significant and rising player. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. The Indian pharmaceutical sector is worth US\$ 42 billion worldwide. In August 2021, the Indian pharmaceutical market increased at 17.7% annually, up from 13.7% in July 2020. According to India Ratings & Research, the Indian pharmaceutical market revenue is expected to be over 12% Y-o-Y in FY22.

## ➤ **EXPORTS**

Pharmaceutical is one of the top ten attractive sectors for foreign investment in India. The pharmaceutical exports from India reach more than 200 nations around the world, including highly regulated markets of the USA, West Europe, Japan, and Australia. India supplied around 45 tonnes and 400 million tablets of hydroxychloroquine to around 114 countries globally.

India's drugs and pharmaceuticals exports stood at Rs. 2,08,231 crore (US\$ 25.3 billion) for FY23, as per the data by Pharmexcil.

Exports of Drugs & Pharmaceuticals was estimated to be at US\$ 2.48 billion in March, 2023 and shared 6.47% of the total exports of the month.

India is the 12<sup>th</sup> largest exporter of medical goods in the world. Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. Indian drug & pharmaceutical exports stood at US\$ 24.60 billion in FY22 and US\$ 24.44 billion in FY21. Indian drug & pharmaceutical exports stood at US\$ 2.19 billion in September 2022.

## ➤ **INVESTMENT AND RECENT DEVELOPMENTS**

The Indian Pharmaceuticals industry plays a prominent role in the global pharmaceuticals industry. India ranks third worldwide for production by volume and 14<sup>th</sup> by value.

In this regard the sector has seen a lot of investments and developments in the recent past.

- Up to 100%, FDI has been allowed through automatic route for Greenfield pharmaceuticals projects. For Brownfield pharmaceuticals projects, FDI allowed is up to 74% through automatic route and beyond that through government approval.
- The cumulative FDI equity inflow in the Drugs and Pharmaceuticals industry is US\$ 21.22 billion during the period April 2000-December 2022. This constitutes almost 3% of the total FDI inflow received across sectors.
- Emcure Pharmaceuticals Limited (EPL) becomes the first ever company to launch Orofer FCM 750, a new extension of its parenteral iron brand containing Ferric carboxymaltose (FCM). The dose is suitable for the majority of Indian patients with iron deficiency and iron deficiency anemia.
- Japanese companies have been invited to invest in the Indian Pharmaceutical and Medical Device Industry. The cooperation between Pharmaceutical Traders Association and Japan Federation of Medical Devices Associations of the two countries can contribute to stabilize the global supply-chain especially of APIs and Medical Devices.
- Sun Pharmaceutical Industries Limited announced the successful completion of its acquisition of Concert Pharmaceuticals, Inc. on March 6, 2023, a late-stage clinical biopharmaceutical company that is developing deuruxolitinib, a novel, deuterated, oral JAK1/2 inhibitor, for the potential treatment of adult patients with moderate to severe alopecia areata.
- Glenmark Pharmaceuticals Ltd. (Glenmark), an innovation-driven, global pharmaceutical company, is the first to launch a unique I.V. injection formulation, Akynzeo I.V., in India for the prevention of chemotherapy-induced nausea and vomiting (CINV), under an exclusive licensing agreement with Helsinn, a Swiss biopharma group company.
- Entod Pharmaceuticals has recently launched its new ocular aesthetic range focused on improving eye comfort and enhancing the aesthetics of the eyes.
- BDR Pharmaceutical has launched the first generic apalutamide (brand name Apatide) in India to treat both metastatic castration sensitive prostate cancer as well as non-metastatic castration resistant prostate cancer. The product will be available across India.
- Anglo French Drugs & Industries Limited (AFDIL), a 99-year-old organization in the pharmaceutical sector, announced that it has entered into the fertility space with the launch of the LYBER range.
- Eli Lilly introduces Ramiven in India, for certain high-risk early breast cancer patients in November 2022.
- ICPA Health Products Ltd (ICPA), a leading pharma company in the oral healthcare segment, has launched its latest product – Heximetro at the annual conference of the Indian Society of Periodontology (ISP) in November 2022.
- The FDI inflows in the Indian drugs and pharmaceuticals sector reached US\$ 19.90 billion between April, 2000-June, 2022.
- The Indian drugs and pharmaceuticals sector received cumulative FDIs worth US\$ 19.41 billion between April, 2000-March, 2022.
- The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector reached US\$ 1,414 million between in FY 2021-22.

- The Indian pharmaceutical industry generated a trade surplus of US\$ 15.81 billion in FY22.
- Medical Device industry is expected to reach US\$ 50 billion by 2030 growing at a CAGR of 15%.
- In November 2022, Sun Pharma and SPARC entered into a license agreement for commercialization of phenobarbital for injection in the US.
- Glenmark becomes the First Company in India to launch Teneligliptin + Dapagliflozin Fixed Dose Combination in October 2022.
- In October 2022, Lupin signed an agreement to acquire two inhalation brands from Sunovion Pharmaceuticals Inc.
- Dr. Reddy's Laboratories announced the launch of Lenalidomide Capsules in the U.S. with two of six strengths eligible for first-to-market, 180-day exclusivity in September 2022.
- In June 2022, Cipla partnered with Drugs for Neglected Diseases initiative (DNDi) to announce the launch of a 4-in-1 antiretroviral treatment for children living with HIV in South Africa.
- Glenmark becomes the first pharmaceutical company to launch Indacaterol + Mometasone fixed-Dose combination drug for Asthma in India.
- In May 2022, Sun Pharmaceutical Industries Limited through one of its wholly owned subsidiaries plans to launch Bempedoic Acid under the brand name Brillo, in India for reducing low-density lipoprotein (LDL) cholesterol.
- In May 2022, Dr. Reddy's Laboratories enters into exclusive partnership with HK inno.N Corporation to commercialise novel molecule Tegoprazan in India & select emerging markets.
- In April 2022, Dr Reddy's Laboratories Ltd. inked a pact with MediCane Health to announce the launch of medical cannabis products in Germany.
- The Union Cabinet has given its nod for the amendment of existing Foreign Direct Investment (FDI) policy in the pharmaceutical sector in order to allow FDI up to 100% under the automatic route for manufacturing of medical devices subject to certain conditions.
- In March 2022, Themis Medicare Ltd. (Themis), announced the approval of its antiviral drug VIRALEX by the Drug Controller General of India (DCGI).
- The National Digital Health Blueprint has the potential to generate nearly US\$ 200 billion in added economic value for India's healthcare industry over the next 10 years.
- In October 2021, AstraZeneca India launched a Clinical Data and Insights (CDI) division to further strengthen its global presence and manage data-related aspects of its clinical trials.
- In September 2021, the Indian government contributed US\$ 4 billion to the pharmaceutical and medical industries.
- In August 2021, Uniza Group, an Ahmedabad-based pharmaceutical firm, signed an agreement with Lysulin Inc. (an US-based firm) to introduce Lysulin, a nutritional product for Indian consumers.
- In May 2021, Indian Immunologicals Ltd. (IIL) and Bharat Immunologicals and Biologicals Corporation (BIBCOL) inked technology transfer pacts with Bharat Biotech to develop the vaccine locally to boost India's vaccination drive. The two PSUs plan to start production of vaccines by September 2021.

## ➤ **GOVERNMENT INITIATIVES**

Some of the initiatives taken by the Government to promote the pharmaceutical sector in India are as follows:

### ❖ **As per the Union Budget 2023-24:**

- A mission to eliminate sickle cell anemia by 2047 will be launched. It would involve raising awareness, conducting a comprehensive screening of seven crore individuals in the impacted tribal regions between the ages of 0 and 40, and providing counselling through coordinated efforts.
- For innovation in the pharmaceutical sector, through centres of excellence, a new initiative to encourage pharmaceutical research and innovation will be implemented. The government persuades business to spend money on R&D in a few chosen priority fields. At the grassroots level, government has also announced on building 157 nursing colleges in co-location with government medical colleges.
- The Union Cabinet, on April 26, 2023, approved the National Medical Devices Policy, 2023. The National Medical Devices Policy, 2023 is expected to facilitate an orderly growth of the medical device sector to meet the public health objectives of access, affordability, quality and innovation.

### ❖ **Ayushman Bharat Digital Mission (ABDM):**

- Under the ABDM, citizens will be able to create their ABHA (Ayushman Bharat Health Account) numbers, to which their digital health records can be linked. This will enable creation of longitudinal health records for individuals across various healthcare providers and improve clinical decision making by healthcare providers.
- The pilot of ABDM is completed in the six Union Territories of Ladakh, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Puducherry, Andaman and Nicobar Islands and Lakshadweep with successful demonstration of technology platform developed by the NHA.
- During the pilot, digital sandbox was created in which more than 774 partner solutions are undergoing integration. As on February 21, 2022, 173,369,087 Ayushman Bharat Health Accounts have been created and 10,114 doctors and 17,319 health facilities have been registered in ABDM.

### ❖ **Scheme for Development of Pharma industry – Umbrella Scheme:**

- The Department of Pharmaceuticals has prepared an Umbrella Scheme namely 'Scheme for Development of Pharma industry'. Which comprises of the following sub schemes:
- Assistance to Bulk Drug Industry for Common Facilitation Centres
- Assistance to Medical Device Industry for Common Facilitation Centres
- Assistance to Pharmaceutical Industry (CDP-PS)
- Pharmaceutical Promotion and Development Scheme (PPDS)
- Pharmaceutical Technology Upgradation Assistance Scheme (PTUAS)

### ❖ **As per the Union Budget 2022-23:**

- Rs. 3,201 crore (US\$ 419.2 million) has been set aside for research and Rs. 83,000 crore (US\$ 10.86 billion) has been allocated for the Ministry of Health and Family Welfare.
  - Rs. 37,000 crore (US\$ 4.83 billion) has been allocated to the 'National Health Mission'.
  - Rs. 10,000 crore (US\$ 1.28 billion) has been allocated to Pradhan Mantri Swasthya Suraksha Yojana.
  - The Ministry of AYUSH has been allocated Rs. 3,050 crore (US\$ 399.4 million), up from Rs. 2,970 crore (US\$ 389 million).
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- In March 2022, under the Strengthening of Pharmaceutical Industry (SPI) Scheme, a total financial outlay of Rs. 500 crore (US\$ 665.5 million) for the period FY22 to FY26 were announced.
  - India could restart deliveries of COVID-19 shots to global vaccine-sharing platform COVAX in November-December 2021 for the first time since April 2021. The World Health Organization (WHO), which co-leads COVAX, has been pushing India to resume supplies for the programme, particularly after it sent ~4 million doses to neighbours and allies in October 2021.
  - In November 2021, PM Mr. Narendra Modi inaugurated the first Global Innovation Summit of the pharmaceuticals sector. The summit will have 12 sessions and over 40 national and international speakers deliberating on a range of subjects including regulatory environment, funding for innovation, industry-academia collaboration and innovation infrastructure.



- In August 2021, Union Health Minister, Mr. Mansukh Mandaviya announced that an additional number of pharmaceutical companies in India are expected to commence manufacturing of anti-coronavirus vaccines by October-November 2021. This move is expected to further boost the vaccination drive across the country.
- In June 2021, Finance Minister Ms. Nirmala Sitharaman announced an additional outlay of Rs. 197,000 crore (US\$ 26,578.3 million) that will be utilised over five years for the pharmaceutical PLI scheme in 13 key sectors such as active pharmaceutical ingredients, drug intermediaries and key starting materials.
- To achieve self-reliance and minimise import dependency in the country's essential bulk drugs, the Department of Pharmaceuticals initiated a PLI scheme to promote domestic manufacturing by setting up greenfield plants with minimum domestic value addition in four separate 'Target Segments' with a cumulative outlay of Rs. 6,940 crore (US\$ 951.27 million) from FY21 to FY30.
- In May 2021, under Atmanirbhar Bharat 3.0, Mission COVID Suraksha was announced by the Government of India to accelerate development and production of indigenous COVID vaccines. To augment the capacity of indigenous production of Covaxin under the mission, the Department of Biotechnology, Government of India, provided financial support in the form of a grant to vaccine manufacturing facilities for enhanced production capacities, which is expected to reach >10 crore doses per month by September 2021.

## ➤ ROAD AHEAD

The pharmaceutical industry in India is a significant part of the nation's foreign trade and offers lucrative potential for investors. Millions of people around the world receive affordable and inexpensive generic medications from India, which also runs a sizable number of plants that adhere to Good Manufacturing Practices (GMP) standards set by the World Health Organization (WHO) and the United States Food and Drug Administration (USFDA). Among nations that produce pharmaceuticals, India has long held the top spot. Medicine spending in India is projected to grow 9-12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise. The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. The National Health Protection Scheme, which aims to offer universal healthcare, the ageing population, the rise in chronic diseases, and other government programmes, including the opening of pharmacies that offer inexpensive generic medications, should all contribute to boost the Indian pharmaceutical industry. Speedy introduction of generic drugs into the market has remained in focus and is expected to benefit the Indian pharmaceutical companies. In addition, the thrust on rural health programmes, lifesaving drugs and preventive vaccines also augurs well for the pharmaceutical companies.



**(References:** Consolidated FDI Policy, Press Information Bureau (PIB), Media Reports, Pharmaceuticals Export Promotion Council, AIOCD-AWACS, IQVIA, Union Budget 2023-24)



(Source: <https://www.ibef.org/industry/pharmaceutical-india>)

## OUR BUSINESS

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Letter of Offer, including the information contained in the section titled “Risk Factors” on page no. 24 of the Letter of Offer. In this chapter, unless the context requires otherwise, any reference to the terms “We”, “Us”, “Dipna Pharmachem Limited”, “DPL”, “Dipna” and “Our” refers to Our Company. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian Accounting Policies set forth in the Letter of Offer.

### **COMPANY’S BACKGROUND**

Our Company was originally incorporated as “Dipna Pharmachem Private Limited” under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated July 19, 2011 bearing Corporate Identification Number U24100GJ2011PTC066400 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, the name of Company was changed to “Dipna Pharmachem Private Limited” and a fresh certificate of incorporation was issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli on March 29, 2012. After that, our Company was converted from Private Limited to Public Limited Company pursuant to a special resolution passed by our shareholders at the EGM held on May 13, 2022 and consequently the name of our Company was changed as “Dipna Pharmachem Limited” and a fresh certificate of incorporation was issued by the Registrar of Companies, Ahmedabad dated May 25, 2022. The CIN of the Company is L24100GJ2011PLC066400.

Our Company is engaged in the trading and distribution of wide range of pharmaceutical raw material which is also known as APIs (Active Pharmaceutical Ingredients), excipient and chemical formulation products. Presently our product portfolio comprises of 61 AIPs and AIPs intermediates such as Cephalosporins, Cardiovasculars, Anti-Bacteria, Quinolones, Veterinary, Anti-Virus, Anti-Inflammatory, Neuropsychiatry, Steroid Hormone, other etc. Being a trading and distribution Company, we have pan India market for our products. The Company had also started the selling of chemicals on commission basis in the financial year 2023 the Company had earned commission income of Rs. 17.53 Lakhs. The Company is doing trading in Ahmedabad and surrounding area of Ahmedabad.

### **Our Products**

AIPs is known as bulk drugs or bulk actives are the principle ingredients used in making finished dosages in the form of capsules, tablets, liquid or other forms of dosage, with the addition of other APIs or inactive ingredients. We believe that timely and committed delivery is an ongoing process of building and sustaining relationships. Our strength lies in understanding the requirements of the customer and our execution capabilities. This has enabled us to get repeated orders from our existing customers and attract new customers.

An active ingredient is the ingredient in a pharmaceutical drug or pesticide that is biologically active. The similar terms active pharmaceutical ingredient and bulk active are also used in medicine, and the term active substance may be used for natural products.

The financial performance of the Company for the last three years:

(Amt. in Lakhs)			
Particulars	2022-23	2021-22	2020-21
Total Income	9993.35	7276.59	3101.55
EBDITA	234.94	218.87	32.63
Profit before tax	138.13	157.43	5.50
Profit after tax	91.19	116.69	2.42

The Company is doing trading in Pharmaceutical raw material and Industrial chemical. The detailed break up of the trading of two different commodities is given below:

(Amount in Rs.)					
Year	Raw Material	% Raw Material	Industrial Chemical	% Industry Chemical	Total
2020-21	222094303	71.65	87876812	28.35	309971115
2021-22	559977880	78.34	154826665	21.66	714804545
2022-23	688036261	68.85	311236005	31.15	999272266



## ➤ **Components of Drugs**

All drugs contain two parts:

- API
- Excipient – These are chemically inactive substances that help deliver the API to the system. Eg. Lactose, mineral oil, etc.

Intermediate is the chemical substance that is in the process of becoming an API from a raw material. Sometimes, many intermediates are produced before the final API is manufactured.

## **COVID-19:**

We are supplying raw materials to pharmaceutical industries and pharmaceutical industry falls under the essential business list declared by the Government. We have continued our business operation during Covid-19 during lock down period. Our business was not affected during the Covid-19 period.

## ➤ **OUR COMPETITIVE STRENGTHS**

### • ***Diversified Product Portfolio***

Our Company has diverse product portfolio across various segments to fulfil customer's requirements. Our offerings include wide range of pharmaceutical raw material which is also known as APIs (Active Pharmaceutical Ingredients) and chemical formulation products. We supply products on the basis of needs and requirements in the market. Our product range in formulations allows our existing customers to source majority of their product requirements from us and also enables us to expand our business from existing customers as well as address a larger base of potential new customers.

### • ***Experienced Promoter and Management Team***

The Promoter of our Company, Mr. Keyur Shah has significant in depth knowledge of the various products traded by the Company and has been instrumental in the consistent growth of our Company's performance. He has an overall experience of more than 2 decade in the trading segments of pharmaceutical business. We believe that our promoters's experience and their understanding of the pharmaceutical business will enable us to continue to take advantage of both current and future market opportunities. Our promoter is actively involved in the business with continuous personal attention.

### • ***Quality assurance***

We believe in providing quality and timely service to our customers. We have set very high standards for ourselves when it comes to timeliness and quality of service we provide to our customers. The stringent systems ensure that all the products reach our customers on stipulated time and there are minimum errors to ensure reduced product rejection. We believe that our quality service for the last 2 decades have earned us a goodwill from our customers, which has resulted in customer retention and order repetition. It has also helped us to add to our existing customer base. We have developed internal procedure of checking the client orders at each stage from customer order to delivery. Our company focuses on maintaining the level of consistently in our service, thereby building customer loyalty for our Brand.

### • ***High level of customer satisfaction***

Our customers are highly satisfied with our services from purchase order to quality to delivery to customer complain redressal mechanism. We have been able to achieve this customer satisfaction with the help on timely deliveries, ease of placing orders, and our stellar customer services.; this has helped in creating a customer base from various categories such as retailers, semi-wholesalers, etc.

## ➤ **SWOT Analysis**

SWOT Analysis can be briefly summarized below:

<b>Strengths</b>	<b>Weakness</b>
<ul style="list-style-type: none"> <li>• Diversified Product Portfolio</li> <li>• Experienced Promoter and Management Team</li> <li>• Quality assurance</li> <li>• High level of customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Accelerated technology adoption</li> <li>• Inadequate availability of skilled work</li> <li>• Increased cost of operations</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Online Expansion</li> <li>• Premiumisation and access to global brands</li> <li>• Further Growth of Private Brands</li> <li>• Expanding Beauty and Personal Care Categories</li> <li>• Digital Innovation</li> <li>• Focus on analytics</li> </ul>	<ul style="list-style-type: none"> <li>• Economic conditions</li> <li>• Increased competition</li> <li>• Industry disruption</li> <li>• Marketplace scale in industry</li> </ul>

## ➤ **OUR BUSINESS STRATEGY**

- ***Develop cordial relationship with our Suppliers, Customer and employees***

We believe in maintaining good relationship with our Suppliers and Customers which is the most important factor to keep our company growing. Our dedicated and focused approach and efficient and timely delivery of products has helped us build strong relationships over number of years. We bag and place repetitive order with our customers as well as with our suppliers respectively. For us, establishing strong, mutually beneficial long-term relationships and strategic supplier relationship management are critical steps in improving performance across the supply chain, generating greater cost efficiency and enabling the business to grow and develop.

- ***To build-up a professional organization***

We believe in transparency, commitment and coordination in our work, with our suppliers, customers, government authorities, banks, financial institutions etc. We have a blend of experienced and sufficient staff for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business. We wish to make it sounder and stronger in times to come.

- ***Leveraging our Marketing skills and Relationships***

This is a continuous process in our organization and the skills that we impart in our people to give prime importance to customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction. We plan to increase our customer's base by supplying orders in hand on time, maintaining and renewing our relationship with existing clients.

- ***Focus on dealing in quality standard products***

Quality of the product is very important for the company from both customer point of view and growth point of view. Our Company is focused on dealing in the products which meets with the requisite quality standards as per the applicable regulatory norms. Providing the desired and good quality products help us in enhancing our Company's image and maintaining long term relationships with customers.

- ***Make our presence in Global Market***

Currently, we carry our business operations in India. We believe that our footsteps in international market will help us mitigate risk for any unforeseen circumstances in the domestic market and expand our business operations. We intend to grow our sales by offering new products in the international markets. Our growth strategy will vary from country to country depending on their specific regulatory requirements.

## **RAW MATERIAL**

We source the material from vendors and manufacturers of chemical and formulation as per the order and specification. Our products are available in India.

We carefully assess the reliability of all materials purchased to ensure that the regulatory and legal requirements are complied with, and they comply with the rigorous quality and safety standards required for our products. In an effort to manage risks associated with raw materials supply, we work closely with our suppliers to help ensure availability and continuity of supply while maintaining quality and reliability as well as identifying any potential for improvement.

Generally, there are multiple sources that can supply the raw materials that we require. Our raw material sourcing is not dependent on a single source of supply, and we have access to alternate sources for our procurement of raw materials.

**The % of top 10 Buyers and Suppliers of our Company are as under:**

**(Amount in Lakhs.)**

Particulars	Purchase/ Sales					
	2020-21	%	2021-22	%	2022-23	%
Top 10 Buyers	1166.48	37.63	4427.96	61.95	7534.54	75.53
Top 10 suppliers	1331.15	42.64	3337.62	49.32	5956.68	55.08

## **CAPACITY UTILIZATION**

As we do not have any own manufacturing facility and we are mainly engaged in trading business, thus any specific data relating to capacity and capacity utilization does not apply to our Company.

## **PLANT & MACHINERY**

As on date of Letter of Offer, our Company does not possess any plant & machinery.

## **INFRASTRUCTURE FACILITIES**

### **Registered Office:**

A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad - 380055.

### **Godown address:**

C/124, Sagar Estate -1, Sarkhej, Vil. Sarkhej – Okaf (M+OG), Ahmedabad.

### **Water:**

Water is required for the drinking and fire purpose. Water supply requirement is being fulfilled through water supplied by our municipal corporation only.

### **Power:**

Our Registered Office has power connection of 8.00 KW from Torrent Power Limited. As on date of this Letter of Offer, our Company does not require much power supply and power failure does not affect the business of our Company.

## **HUMAN RESOURCES**

Human resource is an asset to any industry, sourcing and managing is very important task for the management. We believe that our employees are the key to the success of our service.

As on 30<sup>th</sup> September, 2023, we have the total strength of permanent employees 13 in various departments. The details of which are given below:

Sr. No.	Particulars	Employees
1)	Sale -Purchase Department	3
2)	Account Department	4
3)	Logistic Department	3
4)	Office Staff	2
5)	Manager	1
	<b>Total</b>	<b>13</b>

### **COLLABORATIONS/ TIE UPS/ JOINT VENTURES**

As on date of this Letter of Offer, our Company has not entered into any Collaboration/ Tie-Ups/ Joint Ventures.

### **EXPORT OBLIGATION**

As on date of this Letter of Offer, our Company does not have any export obligation.

### **SALES AND MARKETING**

The efficiency of the marketing and sales network is critical to the success of our Company. Our success lies in the strength of our relationship with our sales channels that are associated with our Company. Our sales and marketing team is dedicated to pursue and enhance our business in Gujarat. Our team through their experience and good rapport with clients owing to timely and quality delivery of products plays an instrumental role in creating new sales orders and expanding the current volume of our business year on year. In order to maintain good relation with customers, our promoters and our marketing team regularly interacts with them and focuses on gaining an insight into the additional needs of customers.

#### **Our Marketing Strategies:**

We intend to focus on following marketing strategies:

1. Focus on expanding Business at Gujarat Level
2. Continuously holding market trends
3. Supply of Quality Products
4. Fulfillment of Order in a timely manner
5. Adapting to market dynamics

### **COMPETITION**

Trading and distribution of wide range of pharmaceutical raw material which is also known as APIs (Active Pharmaceutical Ingredients) and chemical formulation products is highly competitive industry. Also, we operate in a competitive industry where our competitors may have greater resources than those available to us. While product quality, brand value, etc are key factors in client's decisions among competitors, however price plays a deciding factor in most cases, which is most favorable to us as our business structure is such that we can survive in thinner profit margin as compared to our competitors. Apart from Sustained ability to offer competitive prices, other Competitive Advantage includes ability to supply wide range of products and timely delivery of products etc.

### **INTELLECTUAL PROPERTY RIGHTS**

For details of Intellectual Property Rights, please refer to chapter titled Government and Other Statutory Approvals - on page 138 of this Letter of Offer.

#### **Details of Immovable Property:**

The Company does not owned any immovable property.

The details of the properties taken on lease are given below:

Particulars	Details
Name of the Parties (Lessor)	Dipna Pharmachem Private Limited
Name of Lessee	Keyur Dipakkumar Shah
Registered Office	A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad - 380055.
Date of agreement	May14, 2022
Lease Rent	Rs.10,500/-
Usage	Registered Office
Area (Approx)	113.34 sq.mts
Period	01/01/2022 to 29/12/2022

#### Insurance

Particulars	Details
Name of the Insurance Company	The New India Assurance Co. Ltd.
Name of Insured	Dipna Pharmachem Limited
Policy No	21020011239600000004
Validity Period	24/08/2023 to 23/08/2024
Premium Paid (Rs)	Rs. 1,22,178 /-
Sum Insured	Rs. 18,00,00,000/-
Insured Address	C-124, Sagar Estate, B/h Relief Hotel, Sarkhej Sanand Chokdi,Sarkhej, Sanand, Gujarat- 382210.

Particulars	Details
Name of the Insurance Company	National Insurance Company Limited
Name of Insured	Dipna Pharmachem Private Limited
Policy No	302100422310001396
Type of Policy	Group Personal Accident
Validity Period	From 10/08/2023 To 09/08/2024
Premium Paid (Rs)	Rs. 5,098/-
Sum Insured	Rs. 24,00,000/-
Insured Address	A/211, Siddhi Vinayak Complex, Near D.A.V.School, S.G. Highway, Makarba Road, Ahmedabad, Gujarat -380001

*The following description is a summary of certain sector-specific statutes, regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to us in order to carry out our business and operations in India. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies that are available in the public domain. The description set out below is only intended to provide general information to the investors and may not be exhaustive and is neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and remain subject to judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see the section titled “Government and other Approvals” on page 138.*

## **APPROVALS**

*For the purpose of the business undertaken by our Company, it is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled “Government and other Approvals” beginning on page number 138 of this Letter of Offer.*

## **APPLICABLE LAWS AND REGULATIONS:**

### **❖ INDUSTRY SPECIFIC REGULATIONS:**

#### **Drugs and Cosmetics Act, 1940 (“Drugs and Cosmetics Act”) and the Drugs and Cosmetics Rules, 1945 (“DC Rules”)**

The Drugs and Cosmetics Act, and the rules thereunder, regulate the import, manufacture, and distribution of drugs in India. Mandating the licensing of import, manufacture, and distribution of drugs in India, the Drugs and Cosmetics Act has been promulgated with a view to ensure that all drugs and cosmetics sold in India are safe, effective, and conform to prescribed quality standards. Apart from having elaborate provisions to check the production and distribution of spurious and substandard drugs in India, the Drugs and Cosmetics Act also prescribes the framework governing the regulatory control over the manufacture and sale of drugs. Drugs that may be sold by a pharmacy or a hospital are classified according to the nature of the license granted, details of which are provided as schedules in the Drugs and Cosmetics Act. The Drugs and Cosmetics Act also prescribes various punishments for contravention of its provisions. The DC Rules further mandates that every person holding a license must keep and maintain such records, registers and other documents as may be prescribed which may be subject to inspection by the relevant authorities.

#### **The Drugs (Control) Act, 1950 (“DC Act”)**

The DC Act was enacted to provide for the control of sale, supply and distribution of drugs. The DC Act empowers the Central Government to inter alia declare any drug to be a drug to which this act shall apply and to fix maximum prices and maximum quantities thereof, which may be held or sold, by a dealer or producer. The DC Act also provides for penalties arising due to contraventions of any of the provisions of this Act or of any direction made under authority conferred by this Act, which shall be punishable with imprisonment for a term which may extend to three years, or with fine, or with both.

#### **Drugs (Prices Control) Order, 2013 (“DPCO”)**

The DPCO prescribes inter alia the ceiling price of scheduled formulations, retail price of a new drug for existing manufacturers of scheduled formulations, maximum retail price of scheduled formulations. The DPCO specifies procedures for fixing the ceiling price of scheduled formulations of specified strengths or dosages, retail price of new drug for existing manufacturers of scheduled formulations, and penalties for contravention of its provisions.

#### **Drug Policy, 2002**

The main objectives of the Drug Policy 2002 are several and include ensuring abundant availability at reasonable prices within the country of good quality essential pharmaceuticals of mass consumption. It also concentrates on strengthening the indigenous capability for cost effective quality production and exports of pharmaceuticals by reducing barriers to trade in the pharmaceutical sector and strengthening the system of quality control over drug and pharmaceutical production and distribution to make quality an essential attribute of the Indian pharmaceutical industry and promoting rational use of pharmaceuticals. The Policy further encourages the R&D in the pharmaceutical sector in a manner compatible with the countrys needs and with particular focus on diseases endemic or relevant to India by creating an

environment conducive to channelizing a higher level of investment into R&D in pharmaceuticals in India. Creating an incentive framework for the pharmaceutical industry which promotes new investment into pharmaceutical industry and encourages the introduction of new technologies and new drugs is another important aspect which has been examined by this Policy.

#### **Legal Metrology Act, 2009 (“LM Act”)**

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number. The LM Act and rules framed thereunder regulate, inter alia, the labelling and packaging of commodities, verification of weights and measures used, and lists penalties for offences and compounding of offences under it. The Controller of Legal Metrology Department is the competent authority to grant the license under the LM Act.

#### **The Narcotic Drugs and Psychotropic Substances Act, 1985 (“NDPS Act”)**

The NDPS Act is a legal framework which seeks to control and regulate operations relating to narcotic drugs and psychotropic substances. It prohibits, inter alia, the cultivation, production, manufacture, possession, sale, purchase, transportation, warehousing, consumption, inter-state movement, import into India and transshipment of narcotic drugs and psychotropic substances, except for medical or scientific purposes. It also controls and regulates controlled substances which can be used in the manufacturing of narcotic drugs and psychotropic substances. Offences under the NDPS Act are essentially related to violations of the various prohibitions imposed under the NDPS Act, punishable by either imprisonment or monetary fines or both.

#### **The Essential Commodities Act, 1955 (the “ECA”)**

The ECA empowers the Central Government, to control production, supply and distribution of, trade and commerce in certain essential commodities for maintaining or increasing supplies or for securing their equitable distribution and availability at fair prices or for securing any essential commodity for the defence of India or the efficient conduct of military operations. Using the powers under it, various ministries/departments of the Central Government have issued control orders for regulating production, distribution, quality aspects, movement and prices pertaining to the commodities which are essential and administered by them. The State Governments have also issued various control orders to regulate various aspects of trading in essential commodities such as food grains, edible oils, pulses kerosene, sugar and drugs. Penalties in terms of fine and imprisonment are prescribed under the ECA for contravention of its provisions.

#### **The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 (the “DMRA”)**

The DMRA seeks to control advertisements of drugs in certain cases and prohibits advertisement of remedies that claim to possess magic qualities. In terms of the DMRA, advertisements include any notice, circular, label, wrapper or other document or announcement. It also specifies the ailments for which no advertisement is allowed and prohibits advertisements that misrepresent, make false claims or mislead. Further, the Drugs and Magic Remedies (Objectionable Advertisements) Rules, 1955 have been framed for effective implementation of the provisions of the DMRA.

#### **National Pharmaceuticals Pricing Policy, 2012 (the “2012 Policy”)**

The 2012 Policy replaces the drug policy of 1994 and presently seeks to lay down the principles for pricing of essential drugs specified in the National List of Essential Medicines-2011 (NLEM) declared by the Ministry of Health and Family Welfare, Government of India and modified from time to time, so as to ensure the availability of such medicines at reasonable price, while providing sufficient opportunity for innovation and competition to support the growth of the Industry. The prices would be regulated based on the essential nature of the drugs rather than the economic criteria/market share principle adopted in the drug policy of 1994. Further, the 2012 Policy will regulate the price of formulations only, through market based pricing which is different from the earlier principle of cost based pricing. Accordingly, the formulations will be priced by fixing a ceiling price and the manufacturers of such drugs will be free to fix any price equal to or below the ceiling price.

#### **The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“SHWWPPR Act”)**

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (SHWWPPR Act) provides for protection against sexual harassment at the workplace to women and prevention and redressal of complaints of sexual harassment. The SHWWPPR Act defines - Sexual Harassment to include any unwelcome sexually determined behavior (whether directly or by implication). Workplace under the SHWWPPR Act has been defined widely to include government bodies, private and public sector organizations, non-governmental organizations, organizations carrying on commercial, vocational, educational, entertainment, industrial, financial activities, hospitals

and nursing homes, educational institutes, sports institutions and stadiums used for training individuals. The SHWWPPR Act requires an employer to set up an - Internal Complaints Committee at each office or branch, of an organization employing at least 10 employees. The Government in turn is required to set up a - Local Complaint Committee at the district level to investigate complaints regarding sexual harassment from establishments where our internal complaints committee has not been constituted.

### **The Micro, Small and Medium Enterprises Development Act, 2006 (“MSME Act”)**

In order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise (MSME) the Micro, Small and Medium Enterprises Development Act, 2006 is enacted. A National Board shall be appointed and established by the Central Government for MSME enterprise with its head office at Delhi in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry mentioned in first schedule to Industries (Development and Regulation) Act, 1951.

The Central Government has vide its notification numbering 1702(E) dated June 1, 2020 amended the definition of MSME which has come into effect from July 1, 2020.

The revised definition is as under:

- i. a micro enterprise, where the investment in Plant and Machinery or Equipment does not exceed one Crore rupees and turnover does not exceed five Crore rupees;
- ii. a small enterprise, where the investment in Plant and Machinery or Equipment does not exceed ten Crore rupees and turnover does not exceed fifty Crore rupees; and
- iii. a medium enterprise, where the investment in Plant and Machinery or Equipment does not exceed fifty Crore rupees and turnover does not exceed two hundred and fifty Crore rupees.

The MSME Act also provides for the establishment of the Micro and Small Enterprises Facilitation Council (Council). The Council has jurisdiction to act as an arbitrator or conciliator in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India.

### **❖ LAWS RELATING TO SPECIFIC STATE WHERE ESTABLISHMENT IS SITUATED:**

#### **The Gujarat Shops and Establishments act of 1948**

The Gujarat Shops and Establishments act of 1948, takes a holistic approach while dealing with Shops and Establishments, it takes into consideration of every situation wherein the employer is placed, thus accordingly designing the provisions for him/her to smoothly run his/her establishment. It also takes into its view sight the conditions of the employees and it makes an attempt to safeguard their rights. Thus all in all the Gujarat Shops and Establishments act is a very balanced legislation that takes into consideration the rights and conditions of both the employer and the employee.

#### **The Gujarat State Tax on Professions, Traders, Callings and Employments Rules, 1976**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of Gujarat promulgated this law to structure and formulate the respective professional tax criteria and to collect funds through professional tax. The professional tax is charged on the income of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under this Act (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

Pursuant to Notification No. (GHN-10)PFT-2008-S.3(2)(3)-TH, issued by the Finance Department of Sachivalaya, Gandhinagar, dated 01.04.2008, the Government of Gujarat have specified the rates in column 3, 4 and 5 of the schedule of the Act, as minimum rates which shall be levied by the respective Designated Authorities for the class of person specified in column 2 of schedule of the Act.



## **Professional Tax**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional tax is charged as per the List II of the Constitution. The professional taxes are classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

## **❖ GENERAL LAWS:**

### **Competition Act, 2002 (“Competition Act”)**

An act to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The act deals with prohibition of agreements and Anti-competitive agreements. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Act.

The prima facie duty of the commission is to eliminate practices having adverse effect on competition, promote and sustain competition, protect interest of consumer and ensure freedom of trade. The commission shall issue notice to show cause to the parties to combination calling upon them to respond within 30 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the Commission and Director General he shall be punishable with a fine which may exceed to Rs. 1 lakh for each day during such failure subject to maximum of Rupees One Crore.

### **The Companies Act, 2013**

The Companies Act, 2013, has been introduced to replace the existing Companies Act, 1956 in a phased manner. The Ministry of Corporate Affairs vide its notification dated September 12, 2013 has notified 98 sections of the Companies Act, 2013 and the same are applicable from the date of the aforesaid notification. Further 183 sections have been notified on March 26, 2014 and have become applicable from April 1, 2014. The Ministry of Corporate Affairs, has also issued rules complementary to the Companies Act, 2013 establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act, 2013.

### **The Indian Stamp Act, 1899**

The Indian Stamp Act, 1899 prescribes the rates for the stamping of documents and instruments by which any right or liability is, or purports to be, created, transferred, limited, extended, extinguished or recorded. Under the Indian Stamp Act, 1899, an instrument not duly stamped cannot be accepted as evidence by civil court, an arbitrator or any other authority authorized to receive evidence. However, the document can be accepted as evidence in criminal court.

### **The Negotiable Instruments Act, 1881 (“NI Act”)**

In India, the laws governing monetary instruments such as cheques are contained in the “NI Act”, which is largely a codification of the English Law on the subject. To ensure prompt remedy against defaulters and to ensure credibility of the holders of the negotiable instrument a criminal remedy of penalty was inserted in Negotiable Instruments Act, 1881 in form of the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment), 1988 which were further modified by the Negotiable Instruments (Amendment and Miscellaneous Provisions) Act, 2002. The Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honoured by their bankers and returned unpaid. Section 138 of the Act, creates statutory offence in the matter of dishonour of cheques on the ground of insufficiency of funds in the account maintained by a person with the banker which is punishable with imprisonment for a term which may extend to two year, and with fine which may extend to twice the amount of the cheque, or with both.

## **The Indian Contract Act, 1872**

The Indian Contract Act occupies the most important place in the Commercial Law. Without contract Act, it would have been difficult to carry on trade or any other business activity and in employment law. It is not only the business community which is concerned with the Contract Act, but it affects everybody. The objective of the Contract Act is to ensure that the rights and obligations arising out of a contract are honored and that legal remedies are made available to those who are affected.

## **The Registration Act, 1908**

Registration Act was introduced to provide a method of public registration of documents so as to give information to people regarding legal rights and obligations arising or affecting a particular property, and to perpetuate documents which may afterwards be of legal importance, and also to prevent fraud. Registration lends inviolability and importance to certain classes of documents.

## **Customs Act, 1962 (“Customs Act”)**

The Customs Act, as amended, regulates import of goods into and export of goods from India by providing for 198 levy and collection of customs duties on goods in accordance with the Customs Tariff Act, 1975. Any Company requiring to import or export goods is required to obtain an Importer Exporter Code under Foreign Trade (Development and Regulation) Act, 1992. Customs duties are administrated by Central Board of Indirect Tax and Customs under the Ministry of Finance.

## **❖ TAX RELATED LEGISLATIONS**

### **Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every Domestic/ Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its - Residential Status and - Type of Income involved. The IT Act provides for taxation of person resident in India on global income and person not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every Company assessable to income tax under IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, Minimum Alternative Tax and like. Every such Company is also required to file its Return by September 30 of each assessment year.

### **Goods & Service Tax (“GST”)**

- *Gujarat Goods and Services Tax Act, 2017*
- *Central Goods and Services Tax Act, 2017*
- *The Integrated Goods and Services Tax Act, 2017*

Goods and Services Tax (GST) is an indirect tax applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. The GST shall be levied as Dual GST separately but concurrently by the Union (central tax - CGST) and the States (including Union Territories with legislatures) (State tax - SGST)/ Union territories without legislatures (Union territory tax - UTGST). The Parliament would have exclusive power to levy GST. (Integrated tax - IGST) on inter-State trade or commerce (including imports) in goods or services. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill. The GST is governed by a GST Council and its Chairman is the Finance Minister of India. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. Besides, some goods and services would be under the list of exempt items.

## **❖ OTHER INDIAN LAWS:**

In addition to the above, our Company are also governed by the provisions of the Companies Act and rules framed there under, applicable SEBI regulations and rules framed thereunder, relevant central and state tax laws, foreign exchange and investment laws and foreign trade laws and other applicable laws and regulation imposed by the central and state government and other authorities for over day to day business, operations and administration.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as “Dipan Pharmachem Private Limited” under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated July 19, 2011 bearing Corporate Identification Number U24100GJ2011PTC066400 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. Subsequently, the name of Company was changed to “Dipna Pharmachem Private Limited” and a fresh certificate of incorporation was issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli on March 29, 2012. After that, our Company was converted from Private Limited to Public Limited Company pursuant to a special resolution passed by our shareholders at the EGM held on May 13, 2022 and consequently the name of our Company was changed as “Dipna Pharmachem Limited” and a fresh certificate of incorporation was issued by the Registrar of Companies, Ahmedabad dated May 25, 2022. For further details, please refer the chapter titled “History and Certain Corporate Matters” beginning on page 79 of this Letter of Offer. The CIN of the Company is L24100GJ2011PLC066400.

Our Company is engaged in the trading and distribution of wide range of pharmaceutical raw material which is also known as APIs (Active Pharmaceutical Ingredients), excipient and chemical formulation products. Presently our product portfolio comprises of 61 AIPs and AIPs intermediates such as Cephalosporins, Cardiovasculars, Anti-Bactaria, Quinolones, Veterinary, Anti-Virus, Anti-Inflammatory, Neuropsychiatry, Steroid Hormone, other etc. Being a trading and distribution company, we have pan India market for our products. The Company had also started the selling of chemicals on commission basis in the financial year 2023 the Company had earned commission income of Rs. 17.53 Lakhs. The Company is doing trading in Ahmedabad and surrounding area of Ahmedabad.

For a description of our activities, services, technology, the growth of our Company and regional geographical segment in which our Company, please refer to chapters titled – Our Business, Industry Overview and Management’s Discussion and Analysis Report on pages 68, 55 and 130 of this Letter of Offer, respectively. For details of the management and managerial competence of our Company, please refer chapter titled - Our Management on page 82 of this Letter of Offer.

### REGISTERED OFFICE:

Registered Office of the Company is situated at A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad – 380055, Gujarat.

The Registered office of our Company has not been changed since inception.

### AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

The following changes have been made in the Memorandum of Association of our Company since its inception:

Sr. No.	Date of Passing of Resolution	Type of Meeting	Particulars
1.	March 29, 2012	EGM	The name of the Company is changed to – <b>“Dipna Pharmachem Private Limited”</b> and this Certificate is issued pursuant to Section 23(1) of the Companies Act, 2013.
2.	January 05, 2016	EGM	Clause V of the MOA was amended to reflect the increase in authorized share capital of Rs. 1,00,000/- divided into 10,000 Equity Shares of Rs. 10/- each was increased to Rs. 3,50,000/- divided into 35,000 Equity shares of Rs. 10/- each.
3.	February 22, 2022	EGM	Clause V of the MOA was amended to reflect the increase in authorized share capital of Rs. 3,50,000/- divided into 35,000 Equity Shares of Rs.10/- each was increased to Rs. 5,00,00,000/- divided into 50,00,000 Equity shares of Rs. 10/- each.
4.	January 19, 2022	EGM	Clause V of the MOA was amended to reflect the increase in authorized share capital of Rs. 5,00,00,000/- divided into 50,00,000 Equity Shares of Rs.10/- each was increased to Rs. 12,00,00,000/- divided into 1,20,00,000 Equity shares of Rs.10/- each
5.	May 13, 2022	EGM	The Company has altered the Object Clause(s) of the Memorandum of Association of the Company under Section 13(1) of the Companies Act, 2013. (Adopted new set of Memorandum of Association as per Companies Act, 2013.)
6.	May 13, 2022	EGM	The Company was converted from Private Limited to Limited and the name of the Company was changed to —Dipna Pharmachem Limited

**Major events, key awards, accreditations or recognition of our Company**

There have been no awards, major event other than ordinary course of business of our Company since inception.

**Holding / Subsidiary / Associate Company and Joint Venture of the Company**

Our Company does not have any Holding / Subsidiary / Associate Company and Joint Venture.

**Acquisition or divestments of business / undertakings, mergers and amalgamations**

Our Company has neither acquired any entity, business or undertakings nor has undertaken any mergers or amalgamation during the last ten (10) years.

**Raising of Capital in form of Equity**

For details of increase in Equity Share Capital of our company please refer section “Capital Structure” on page 42 of this Letter of Offer.

**Time and cost overruns**

As on the date of this Letter of Offer, there have been no time and cost overruns pertaining to our business operations.

**Launch of key products or services, capacity and capacity utilisation, entry in new geographies or exit from existing markets**

For details pertaining to our services, capacity and capacity utilisation, entry in new geographies or exit from existing markets, please refer chapter titled – Our Business on page 68 of this Letter of Offer.

**Injunction and restraining order**

Our Company is not under any injunction or restraining order, as on date of filing of this Letter of Offer.

**Changes in the activities of our Company in the last five years**

There is no change in activity of our Company since inception.

**Defaults or rescheduling of borrowings of our Company with Financial Institutions/ Banks**

There have been no defaults or rescheduling of borrowings with any financial institutions/ banks or conversion of loans into equity in relation to our Company as on the date of this Letter of Offer.

**Revaluation of assets**

Our Company has not revalued its assets since inception and has not issued any Equity Shares by capitalizing any revaluation reserves.

**Managerial Competence**

For managerial competence please refer to the section “Our management” on Page 82 of this Letter of Offer.

**Total number of Shareholders of Our Company**

As on the date of filing of this Letter of Offer, the total number of Equity shareholders are 1,078. For more details, on the shareholding of the Members, please see the section titled “Capital Structure” at page 42 of this Letter of Offer.

## **Main objects as set out in the Memorandum of Association of the Company**

The object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present Issue. Furthermore, the activities of our Company which we have been carrying out until now are in accordance with the objects of the Memorandum. The objects for which our Company is established are:

1. To carry on the business of manufacturing, buying, trading, storing, packing, selling, distributing, importing, exporting and otherwise dealing in all kinds of varieties of pharmaceuticals chemicals, basic drugs, drug Intermediates in all or any forms, Pharmaceuticals chemicals, medicinal, biological and electrolytic drugs, ingredients, medicare and compositions, patents medicines drugs enzymes, fermentations and genetic products; vitamins and vitamin products tonics, hormones and hormone products; medical products and raw materials for, and all derivatives, extracts, mixtures, powders, granules, compounds, syrups, by-products, bulk packings, capsules, tablets, injectibles, vials, ointments, sprays, other dosage forms and packagings of, the aforesaid items.

## **Shareholders' agreements**

Our Company has not entered into any shareholders agreement as on the date of filing this Letter of Offer.

## **Other agreements**

Our Company has not entered into any agreements other than those entered into in the ordinary course of business with Key Managerial Personnel or Directors or Promoters or any other employee of the issuer, either by themselves or on behalf of any other person and there are no material agreements before the date of this Letter of Offer.

## **Strategic Partners**

Our Company is not having any strategic partner as on the date of filing this Letter of Offer.

## **Financial Partners**

Our Company has not entered into any financial partnerships with any entity as on the date of filing of this Letter of Offer.

## OUR MANAGEMENT

### • BOARD OF DIRECTORS

The Articles of Association require our Board to have at least 3 (Three) Directors and not more than 15 (Fifteen) Directors. Our Board presently comprises of 4 (Four) Directors, which consists of 1 (One) Executive Director, 1 (One) Non-Executive and Non-Independent Director and 2 (Two) Non-Executive and Independent Directors.

The following table sets forth details regarding the Board of Directors of our Company as on the date of filing the Letter of Offer:

Name of the Director	Designation	DIN	Address
Mr. Keyur Dipakkumar Shah	Managing Director	03167258	29, Devpriya Bunglows-2, Opp. Vishal Residency Tower, Anandnagar Char Rasta, Satellite, Ahmedabad – 380 015, Gujarat
Ms. Dipna Keyur Shah	Non - Executive Director	02507462	29, Devpriya Bunglows-2, Opp. Vishal Residency Tower, Anandnagar Char Rasta, Satellite, Ahmedabad – 380 015, Gujarat
Mr. Nandish Jani	Non - Executive and Independent Director	09565657	15, Arasuri Society, Near Vyasvadi, Nava Vadaj, Ahmedabad – 380 013, Gujarat
Mr. Jitendra Pradipbhai Parmar	Non - Executive and Independent Director	09699769	J-708, J Block, Riverside Park - II, Opp. Shantabag Soc., Lane of APMC Market, Vasna, Ahmedabad – 380 007, Gujarat

### Family Relationship between our Directors

Except as stated below, none of the Directors are related to each other.

Ms. Dipna Keyur Shah, Non-Executive and Non-Independent Director is wife/ spouse of Mr. Keyur Dipakkumar Shah, Promoter and Managing Director of the Company.

### Arrangements with major Shareholders, Customers, Suppliers or others

There are no arrangements or understanding between major shareholders, customers, suppliers or others pursuant to which any of the Directors were selected as a Director or member of a senior management as on the date of this Letter of Offer.

### Service Contracts

Except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including the directors and key Managerial personnel are entitled to any benefits upon termination of employment.

### Borrowing Powers of the Board

The Articles, subject to the provisions of Section 180(1)(c) of the Act authorizes the Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of our Company. The shareholders have, pursuant to a special resolution passed at the Extra-ordinary General Meeting held on May 13, 2022, in accordance with Section 180(1)(c) of the Act authorized the Board to borrow monies from time to time, such sums of money even though the money so borrowed together with money already borrowed exceeds the aggregate of the paid-up capital and free reserves of the Company provided, however, that the total borrowing (apart from the temporary loans taken from the company's bankers) shall not exceed Rs. 100.00 Crores.

## Brief profiles of our Directors

**Mr. Keyur Shah**, aged 44 years, is the Promoter & Managing Director of our Company. He holds the Bachelor degree of Commerce from Gujarat University. He has an overall business experience of more than two decades in trading of pharmaceutical raw material. He has significant industry experience and has been instrumental in the consistent growth of our Company's performance. He plays a vital role in successful implementation of various policies and procedure in the company. He presently looks after marketing, sales, finance, overall management and operation of the Company.

**Mrs. Dipna Shah**, aged 44 years, is the Non-Executive Director of our Company. She holds degree of Bachelor of Commerce from Saurashtra University. She has expertise of more than 10 years in the trading segment of pharma and chemical business. She has in-depth knowledge in the field of Accounts and finance. She has ability to quickly analyze key business drivers and develop strategies to grow the bottomline.

**Mr. Nandish Jani**, aged 34 years, is the Independent Director of our Company. He has completed his Bachelor of Commerce from Gujarat University. He has overall 4 years of experience in the field of accounts and taxation matters. He is presently providing consultancy services to the Corporates & individual clients, guiding & advising them in Account & Taxation matter.

**Mr. Jitendra P. Parmar**, aged 32 years, is a Post Graduate in Commerce (Accounting and Finance) and a Fellow Member of the Institute of the Company Secretaries of India being a Practicing Company Secretary having more than 7 years of experience in the field of Corporate Laws, Financial Management, Business Management, Income Tax Planning, GST Laws and other Laws, etc.

## Compensation of Managing Directors

### Terms and conditions of employment of our Chairman and Managing Director:

**Mr. Keyur Shah** has been appointed as Managing Director of our Company in the Extra-Ordinary General Meeting of the company held on May 13, 2022 for a period of Five (5) years commencing from May 01, 2022.

The remuneration payable is as follows:

<b>Name</b>	Keyur Shah
<b>Date of Agreement*</b>	May 24, 2022
<b>Period</b>	Five (5) years commencing from May 01, 2022
<b>Salary</b>	Upto Rs. 2,00,000/- per month
<b>Remuneration paid in FY 2022-23</b>	NIL

\*All other terms and conditions as mentioned in the agreement may be inspected at the Registered Office between 10:00 A.M. and 05:00 P.M. (IST) on all Working Days from the date of this Letter of Offer until the Issue Closing Date.

## Payment or benefit to Independent Directors of our Company

We have not paid any sitting fees to our Independent Directors till the date of this Letter of Offer.

## Shareholding of Directors in our Company

The details of the shareholding of our director's as on the date of this Letter of Offer are as follows:

Sr. No.	Name of the Directors	No. of Equity Shares	Percentage of Issue Capital (%)
1.	Mr. Keyur Shah	48,84,000	40.80
2.	Ms. Dipna Shah	16,64,500	16.39
3.	Mr. Nandish Jani	100	0.00
4.	Mr. Jitendra Parmar	100	0.00
<b>Total</b>		<b>65,48,700</b>	<b>54.71</b>

## Interest of our Directors

Our all Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or a committee thereof and as well as to the extent of reimbursement of expenses payable to them under the Articles.

Our Executive Directors are interested to the extent of remuneration payable to them pursuant to the Articles of Company and resolution approved by the Board of Directors/ Members of the Company as the case may be, time to time for the services rendered as an officer or employee of the Company.

The Directors are also members of the Company and are deemed to be interested in the Equity Shares, if any, held by them and/or any Equity Shares that may be held by their relatives, the companies, firms and trusts, in which they are interested as directors, members, partners, trustees, beneficiaries and promoters and in any dividend distribution which may be made by our Company in the future. For the shareholding of the Directors, please refer “Our Management - Shareholding of Directors in our Company” beginning on page 82 of this Letter of Offer.

Other than our Promoter & Promoter Group, Directors, none of the other Directors have any interest in the promotion of our Company other than in the ordinary course of business.

Except as stated in the chapter “Our Business” on page 68 of this Letter of Offer and in the chapter “Financial Statement” on page 99 of this Letter of Offer none of our Directors have any interest in the property proposed to be acquired by our Company.

Except as disclosed in the section titled in “Financial Statements” on page 99, our Directors do not have any other interest in our Company or in any transaction by our Company including, for acquisition of land, construction of buildings or supply of machinery.

For details with respect to loan to directors, please refer to chapter titled - Financial Statement on page 99 of this Letter of Offer.

## Payment of benefits (non-salary related)

Except as disclosed above, no amount or benefit has been paid or given within 2 (Two) years preceding the date of filing of this Letter of Offer or is intended to be paid or given to any of our Directors except the remuneration for services rendered.

## Bonus or profit-sharing plan for the Directors

None of the Directors are party to any bonus or profit-sharing plan of our Company.

## Changes in our Company’s Board of Directors during the last 3 (Three) years

Following are the changes in the Board of Directors during the last 3 (Three) years

Name of Directors	Date of Appointment	Date of Change in Designation / Cessation	Reasons for changes in the Board
Nandish Jani	May 01, 2022	-	Appointment as Additional Director in capacity of Independent Director
Chinu Kalal	May 01, 2022	-	Appointment as Additional Director in capacity of Independent Director
Keyur Shah	-	May 01, 2022	Appointment as Managing Director
Chinu Kalal	September 07, 2022	-	Change in designation from Additional Director to Independent Director
Nandish Jani	September 07, 2022	-	Change in designation from Additional Director to Independent Director
Chinu Kalal	-	January 31, 2023	Resignation in capacity of Independent Director
Jitendra Parmar	May 01, 2023	-	Appointment as Additional Director in capacity of Independent Director
Jitendra Parmar	September 29, 2023	-	Change in designation from Additional Director to Independent Director



## Our Key Managerial Personnel

Our Company is managed by our Board of Directors, assisted by qualified experienced professionals, who are permanent employees of our Company. Following are the Key Managerial Personnels (KMPs) of our Company.

- Mr. Keyur Dipakkumar Shah, Managing Director
- Mr. Keyur Nitinbhai Parmar, Chief Financial Officer

## Profiles of our Key Managerial Personnel

For the profile of Mr. Keyur Dipakkumar Shah as a Managing Director, please refer chapter titled “Our Management - Brief Biographies of our Directors” on page 82 of this Letter of Offer.

The Key Managerial Personnels (KMPs) of our Company other than our Directors are as follows:

Name, Designation and Date of Joining	Qualification	Previous Employment	Overall Experience	Remuneration paid in previous year (2021-22) (Rs. in Lakhs)
Mr. Keyur Nitinbhai Parmar Chief Financial Officer D.O.J. May 01, 2022	B.com	-	4 years	-

## Relationship amongst Key Managerial Personnels (KMPs) of our Company

Except as stated below, none of our Directors and Key Managerial Personnels (KMPs) of our Company are related to each other.

Ms. Dipna Keyur Shah, Non-Executive and Non-Independent Director is wife/ spouse of Mr. Keyur Dipakkumar Shah, Promoter and Managing Director of the Company.

## Arrangement and understanding with major Shareholders/ Customers/ Suppliers

None of the above Key Managerial Personnels (KMPs) have entered into to any arrangement/ understanding with major shareholders/ customers/ suppliers as on the date of this Letter of Offer.

## Bonus or profit-sharing plan of the Key Managerial Personnel (KMPs)

Our Company does not have a profit sharing plans for the Key Managerial Personnel (KMPs).

## Shareholding of Key Managerial Personnels (KMPs) in our Company

None of our Key Managerial Personnels (KMPs) except Mr. Keyur Shah, holds Equity Shares in our Company as on the date of filing of this Letter of Offer. For further details, please refer to section titled — Capital Structure beginning on page 42 of this Letter of Offer.

## Changes in Our Company’s Key Managerial Personnel during the last three (3) years

Name of KMP	Designation	Date of Event	Reason
Keyur Parmar	Chief Financial Officer	May 01, 2022	Appointed as Chief Financial Officer
Khushboo Jethaliya	Company Secretary and Compliance Officer	May 01, 2022	Appointed as Company Secretary and Compliance Officer
Khushboo Jethaliya	Company Secretary and Compliance Officer	August 21, 2023	Resigned as Company Secretary and Compliance Officer

For details with respect to the changes in Directors who are KMP, please refer to section titled “Changes in our Company’s Board of Directors during the last three (3) years” on page 82 of this Letter of Offer.

## Interest of Key Managerial Personnel

Except as disclosed in this Letter of Offer, Key Managerial Personnels (KMPs) of our Company do not have any interest in our Company other than to the extent of their shareholding, remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

**Employee Stock Option or Employee Stock Purchase**

Our Company has not granted any options or allotted any Equity Shares under the ESOP Scheme as on the date of this Letter of Offer.

**Payment of Benefits to our KMPs (non-salary related)**

Except as disclosed in this Letter of Offer other than any statutory payments made by our Company to its KMPs, our Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees.

For further details, please refer section titled “Financial Statements” beginning on page 99 of this Letter of Offer.

• **CORPORATE GOVERNANCE**

➤ **Audit Committee**

Our Company has formed the Audit Committee as per the applicable provisions of the Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable upon listing of Company's Equity shares on BSE Limited (BSE). The constituted Audit Committee comprises following members:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Nandish Jani	Chairperson	Independent Director
Ms. Dipna Shah	Member	Non - Executive and Non - Independent Director
Mr. Jitendra Parmar	Member	Independent Director

The Chairperson of the Audit Committee shall attend the Annual General Meeting of our Company to furnish clarifications to the shareholders in any matter relating to financial statements. The scope and function of the Audit Committee and its terms of reference shall include the following:

**A. Tenure:** The Audit Committee shall continue to be in function as a Committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

**B. Meetings of the Committee:** The Committee shall meet at least 4 (Four) times in a year and not more than 120 days shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the Committee, whichever is higher but there shall be presence of at least one Independent Director at each meeting.

**C. Role and Powers:** The Role of Audit Committee together with its powers as Part C of Schedule II of SEBI Listing Regulation, 2015 and Companies Act, 2013 shall be asunder:

- i. Recommendation for appointment, remuneration and terms of appointment of Internal and Statutory Auditors' of the Company;
- ii. Review and monitoring of the Auditors' independence and performance, an effectiveness of the Audit process;
- iii. Review and examination of the, the quarterly, half yearly and yearly financial statements and report of the Auditors' thereon;
- iv. Overview of the Company's financial reporting process and the disclosure of its Financial Information to ensure that financial information is correct, sufficient and credible;
- v. Reviewing, with the management, financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the audit report;
- vi. Approval or any subsequent modification of transaction of the Company with the related parties;
- vii. Scrutiny of Inter corporate loans and investments;
- viii. Valuation of the undertakings or assets of the Company, wherever it is necessary;
- ix. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- x. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- xi. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- xii. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

- xiii. To recommend and review the functioning of the vigil mechanism/Whistle Blower mechanism;
- xiv. To recommend the appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- xv. To obtain outside legal or other professional advice wherever required;
- xvi. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

➤ **Stakeholders Relationship Committee**

Our Company has formed the Stakeholders Relationship Committee as per Section 178 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable upon listing of Company's Equity shares on BSE Limited (BSE). The constituted Stakeholders Relationship Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Ms. Dipna Shah	Chairperson	Non-Executive and Non-Independent Director
Mr. Nandish Jani	Member	Independent Director
Mr. Jitendra Parmar	Member	Independent Director

The scope and function of the Stakeholders Relationship Committee and its terms of reference shall include the following:

- A. Tenure:** The Stakeholders Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholders Relationship Committee as approved by the Board.
- B. Meetings:** The Stakeholders Relationship Committee shall meet at least once a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be minimum 2 (Two) members, out of which at least 1 (One) shall be an Independent Director.
- C. Scope and Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:
  - i. To ensure effective and efficient system for transfer, transmission, dematerialization, re-materialization, splitting and consolidation of shares and other securities;
  - ii. To ensure effective and efficient system for time attendance and resolution to the grievances of all securities holders of the Company and resolve all the grievances of securities holders of the Company;
  - iii. To monitoring the transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of shares and other securities issued by the Company;
  - iv. To issue of duplicate/split/consolidated share and other securities certificates;
  - v. To do all such acts, things or deeds as may be necessary or incidental to the exercise of all the above powers;
  - vi. To attend to any other responsibility as may be entrusted by the Board within the terms of Reference.

➤ **Nomination and Remuneration Committee**

Our Company has formed the Nomination and Remuneration Committee as per Section 178 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable upon listing of Company's Equity shares on BSE Limited (BSE). The Nomination and Remuneration Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Nandish Jani	Chairperson	Independent Director
Mr. Jitendra Parmar	Member	Independent Director
Ms. Dipna Shah	Member	Non - Executive and Non - Independent Director

The scope and function of the Committee and its terms of reference shall include the following:

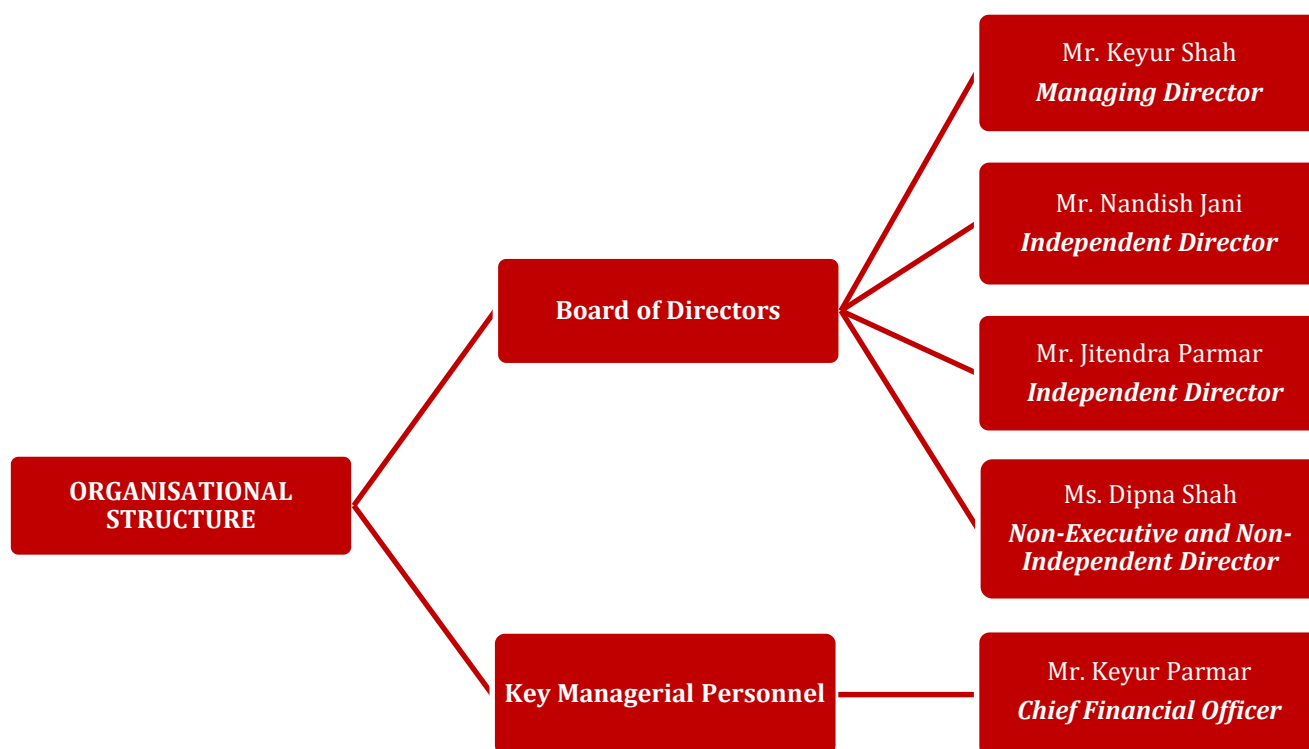
- A. Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.
- B. Meetings:** The committee shall meet as and when the need arises for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. The Chairperson of the nomination and remuneration committee may be present at the Annual General Meeting, to answer the shareholders' queries; however, it shall be up to the Chairperson to decide who shall answer the queries.
- C. Scope and Terms of Reference:**
- To ensure formal and transparent procedures for the selection and appointment of new directors and succession plans;
  - To identify and lay down the criteria and procedures for appointment of senior management and in accordance with the criteria laid down, recommend to the Board their appointment and removal;
  - To formulate the criteria and policies for determining the qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for Directors, KMPs and other employees;
  - To recommend to the Board, the appointment and remuneration for Managing/Joint Managing/Deputy Managing/Whole-time/Executive Directors and other KMP(s) from time to time;
  - To implement supervise and administer any share or stock option scheme of the Company;
  - To formulate and implement the policies for evaluation of the performance of the Members of the Board and other KMP(s);
  - To attend to any other responsibility as may be trusted by the Board within the terms of reference.

#### Composition of Board of Directors

Composition of Board of Directors is set forth in the below mentioned table:

Sr. No.	Name of the Director	Designation	DIN
1.	Mr. Keyur Dipakkumar Shah	Managing Director	03167258
2.	Ms. Dipna Keyur Shah	Non - Executive Director	02507462
3.	Mr. Nandish Jani	Non – Executive and Independent Director	09565657
4.	Mr. Jitendra Pradipbhai Parmar	Non - Executive and Independent Director	09699769

## ORGANIZATIONAL STRUCTURE



### Details of Key Managerial Personnels (KMPs)

Following are the Key Managerial Personnels (KMPS) of our Company as on the date of this Letter of Offer:

Sr. No.	Name of Person	Designation
1.	Mr. Keyur Dipakkumar Shah C/o Dipna Pharmachem Limited A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad – 380 055, Gujarat Contact No.: +91-9898066121	Managing Director (MD)
2.	Mr. Keyur Nitinbhai Parmar C/o Dipna Pharmachem Limited A/211, Siddhi Vinayak Complex, Near D.A.V. School, Makarba, Ahmedabad – 380 055, Gujarat Contact No.: +91-9898066121	Chief Financial Officer (CFO)

### **Bonus or Profit sharing plan for our Key Managerial Personnel(s) (KMPs)**

Our Company does not have any bonus or profit sharing plan for our Key Managerial Personnel(s) (KMPs).

• **PROMOTER AND PROMOTER GROUP**

The following are Promoters and Members of Promoter Group as on date of this Letter of Offer:

**A. Individual Promoters:**

Mr. Keyur Dipakkumar Shah


**B. Individual Members of Promoter Group:**

Mr. Chaitanya Chinubhai Nanavati

Ms. Dipna Keyur Shah

Ms. Dhara Nrupeshbhai Shah

**C. Non-Individual Promoters / Members of Promoter Group: NIL**

	Mr. Keyur Shah, aged 44 years, is the Promoter & Managing Director of our Company. He holds the Bachelor degree of Commerce from Gujarat University. He has an overall business experience of more than two decades in trading of pharmaceutical raw material. He has significant industry experience and has been instrumental in the consistent growth of our Company's performance. He plays a vital role in successful implementation of various policies and procedure in the company. He presently looks after marketing, sales, finance, overall management and operation of the Company.
<b>Date of Birth</b>	February 08, 1979
<b>Address</b>	29, Devpriya Bunglows-2, Opp. Vishal Residency Tower, Anandnagar Char Rasta, Satellite, Ahmedabad – 380 015, Gujarat
<b>Qualification</b>	Bachelor of Commerce (B.com)
<b>Experience</b>	Mr. Keyur Shah, aged 44 years, has an overall business experience of more than two decades in trading of pharmaceutical raw material.
<b>Occupation</b>	Self-Employment
<b>Permanent Account Number</b>	ALFPS9260G
<b>Voter Identification Card Number</b>	ZCU4344032
<b>Driving License Number</b>	GJ01 20010117660
<b>Passport Number</b>	Z4510390
<b>Aadhaar Number</b>	5902 9070 8104
<b>No. of Equity Shares held in [% of Shareholding]</b>	48,84,000 Equity Shares representing 40.80 % of the Paid-up Capital
<b>Other Interests</b>	<p><b><u>Directorships:</u></b></p> <p><b>Public Limited Company:</b> Nil</p> <p><b>Private Limited:</b></p> <ol style="list-style-type: none"> <li>1. Auric Impex Private Limited</li> <li>2. Dipan Pharmachem Private Limited</li> <li>3. Bleach Chem Exim (India) Private Limited</li> <li>4. Dhara Pharmachem Private Limited</li> </ol> <p><b>Partnerships:</b> Nil</p> <p><b>HUF:</b> Nil</p> <p><b>LLP:</b></p> <ol style="list-style-type: none"> <li>1. Rise Pharma Chem LLP</li> <li>2. Bleach Energy LLP</li> </ol>

**Interest of our Promoters**

Our Promoter, Mr. Keyur Shah is interested to the extent of his directorship in above Companies and LLP(s) and has 50% shareholding in Dipan Pharmachem Private Limited and Dhara Pharmachem Private Limited.

**Payment or benefit to Promoters of our Company**

Except as disclosed herein and as stated in the section titled “Financial Statements” on page no. 99 of this Letter of Offer there has been no amount paid or benefits granted by our Company to our Promoters or any of the members of the Promoter Group in the preceding two years nor is there any intention to pay any amount or provide any benefit to our Promoters or Promoter Group as on the date of this Letter of Offer.

**Other confirmations**

No material guarantees have been given to third parties by our Promoter(s) with respect to Equity Shares of our Company.

Our Promoter(s) have not been declared as wilful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Our Promoter(s) and Members of Promoter Group have not been debarred or prohibited from accessing or operating in Capital Market under any order or direction passed by SEBI or any other regulatory or Governmental authority. Our Promoter(s) are not and have never been a Promoter, Director or Person in control of any other Company which is debarred or prohibited from accessing or operating in Capital Market under any order or direction passed by SEBI or any other regulatory or Governmental authority.

None of the Promoter Group Companies have made any public issue in the preceding three years. None of Promoter Group Companies fall under the definition of a Sick Company within the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended or have been declared insolvent or bankrupt under the provisions of the Insolvency and Bankruptcy Code, 2016, as amended or have any insolvency or bankruptcy proceedings initiated against any of them and is not under winding up.

For details on litigations and disputes pending against the Promoter(s), please refer to the section titled ‘Outstanding Litigations and Material Development’ on page no. 135 of the Letter of Offer.

**Details of current and past directorship(s) of the above Directors in Listed Companies whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure.**

None of our Directors is or was a Director of any Company listed on any Stock Exchange, whose shares have been or were suspended from being traded during the five years preceding the date of this Letter of Offer, during the term of his/her directorship in such Company.

**Details of current and past directorship(s) of the above Directors in Listed Companies which have been/were delisted from the stock exchange(s), during his/her tenure.**

None of our Directors is, or was a Director of any Listed Company, which has been or was delisted from any Stock Exchange, during the term of his/her directorship in such Company.



## **DIVIDEND POLICY**

The declaration and payment of final dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, net operating profit after tax, working capital requirements, capital expenditure requirements, and cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

The Board of Directors of your Company has approved and adopted the Dividend Distribution Policy of the Company on voluntary basis as per SEBI (LODR) Regulation 2015. The Dividend Distribution Policy is available on the website of the Company and our Company has not declared any Dividend in the last three financial years.


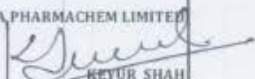
Dividends are payable within thirty days of approval by the Equity Shareholders at the Annual General Meeting of our Company and in case of interim dividend within thirty days of declaration by the Board of Directors. When dividend is declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

## SECTION VII: FINANCIAL INFORMATION

Sr. No.	Particulars	Page Nos.
1.	The Limited Review Report along with Unaudited Financial Results for the half year ended on September 30, 2023.	95 – 98
2.	The Statutory Auditor's Report and the Audited Financial Statements for the period ended on March 31, 2023.	99 – 128



The following tables set forth financial information derived from our Audited Financial Statements for the Financial Year ended on March 31, 2023 and the Limited Review Report along with Unaudited Financial Results for the half year ended on September 30, 2023 prepared in accordance with Regulation 33 of SEBI (LODR) Regulations, 2015.

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DIPNA PHARMACHEM LIMITED CIN: L24100GJ2011PLC066400 REGD. OFFICE: A-211, Siddhi Vinayk Tower, Near D.A.V. School, Makarba, Ahmedabad-380055 STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE QUARTER ENDED ON 30th SEPTEMBER, 2023 (Rs. in Lakhs Except EPS)						
Sr. no	Particulars	6 Months Ended			Year ended	
		30.09.2023	31.03.2023	30.09.2022	31.03.2023	
		Unaudited	Audited	Unaudited	Audited	
1	Income from Operations					
	Net Sales /Income from Operations	7403.18	5132.35	4860.37		9992.72
	Other Operating Income	14.99	0.63	0.00		0.63
	Total Income from Operations (Net)	7418.17	5132.98	4860.37		9993.35
2	Expenditure					
	Cost of material consumed	0.00	0.00	0.00		0.00
	Purchase of stock in trade	8073.95	5227.81	5585.19		10813.00
	Changes in Inventories of finished goods, work-in-progress and stock in trade	-932.41	-329.00	-934.95		-1263.95
	Employees cost	21.69	25.20	18.30		43.50
	Depreciation	0.66	0.70	0.47		1.17
	Finance Cost	86.95	50.89	44.75		95.64
	Power and Fuel	0.48	0.08	0.22		0.30
	Other Expense	87.06	64.40	101.16		165.56
	Total Expenses	7338.38	5040.08	4815.14		9855.22
4	Profit from Operations before Exceptional Items Tax	79.79	92.90	45.23		138.13
5	Exceptional Items		0.00	0.00		0.00
6	Profit before Tax	79.79	92.90	45.23		138.13
	Current Tax	20.75	35.00	12.00		47.00
	Deferred Tax	0.00	-0.06	0.00		-0.06
7	Total Tax Expenses	20.75	34.94	12.00		46.94
8	Net Profit for the Period From Continuing Operations	59.04	57.96	33.23		91.19
9	Details of Equity Shares					
	Paid up Equity Share Capital	1197.00	1197.00	1197.00		1197.00
	Face Value of Equity Share (In Rs.)	10	10	10		10
	Reserves	1297.85	57.96	1180.85		1238.81
10	Earning Per Share					
	Basic Earning per Share	0.49	0.48	0.28		0.76
	Diluted Earning per Share	0.49	0.48	0.28		0.76
Notes:						
1. The above Unaudited Financial Statement has been reviewed by the Audit Committee and approved by the Board of the Directors at its meeting held on 18th October, 2023.						
2. These Unaudited financial results have been prepared in accordance with the Accounting Standard prescribed under section 133 of the Companies Act, 2013						
3. IND AS 108 Relating to Segment wise reporting is not applicable as the Company operates in only One Primary segment i.e. Pharmaceutical Trading						
4. The figure pertaining to previous periods have been regrouped, re-classified and restated wherever necessary.						
Place : Ahmedabad Date : 18/10/2023		 FOR DIPNA PHARMACHEM LIMITED  KEYUR SHAH MANAGING DIRECTOR DIN:03167258				

KEYUR  
DIPAKKUMAR  
R SHAH

Digitally signed by  
KEYUR DIPAKKUMAR  
SHAH  
Date: 2023.10.18  
18:11:34 +05'30'

<p style="text-align: center;">DIPNA PHARMACHEM LIMITED CIN: L24100GJ2011PLC066400 REGD. OFFICE: A-211, Siddhi Vinayk Tower, Near D.A.V. School, Makarba, Ahmedabad-380051 STATEMENT OF ASSETS AND LIABILITIES FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2023</p>		
(' In Lakhs)		
Particulars	As at 30.09.2023	As at 31.03.2023
<b>A EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
(a) Equity Share Capital	1197.00	1197.00
(b) Other Equity	1297.85	1238.81
<b>Sub-total - Equity</b>	<b>2494.85</b>	<b>2435.81</b>
<b>Liabilities</b>		
<b>2 Non-Current Liabilities</b>		
(a) Financial Liabilities	0.00	0.00
(i) Borrowings	1585.57	1417.70
(ii) Trade Payables	0.00	0.00
(iii) Other Financial Liabilities (other than those specified in item (b), to be specified)	0.00	0.00
(b) Provisions	0.00	0.00
(c) Deferred Tax Liabilities (Net)	0.00	0.00
(d) Other Non-Current Liabilities	0.00	0.00
<b>Sub-total - Non Current Liabilities</b>	<b>1585.57</b>	<b>1417.70</b>
<b>3 Current Liabilities</b>		
(a) Financial Liabilities	0.00	0.00
(i) Borrowings	209.39	173.06
(ii) Trade Payables	0.00	0.00
I. total outstanding dues of micro enterprises and small enterprises	2396.10	1690.41
II. total outstanding dues of creditors other than micro enterprises and small enterprises	3534.98	1937.85
(iii) Other Financial Liabilities (Current Maturities of Long term Debt)	0.00	0.00
(b) Other Current Liabilities	106.59	13.90
(c) Provisions	108.00	87.25
(d) Current Tax Liabilities (Net)	0.00	0.00
<b>Sub-total - Current Liabilities</b>	<b>6355.06</b>	<b>3902.47</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>10435.48</b>	<b>7755.97</b>
<b>B ASSETS</b>		
<b>1 Non-Current Assets</b>		
(a) Property, Plant and Equipment	4.76	3.96
(b) Capital work-in-progress	0.00	0.00
(c) Investment Property	0.00	0.00
(d) Goodwill	0.00	0.00
(e) Other Intangible Assets	0.00	0.00
(f) Intangible Assets under Development	0.00	0.00
(g) Biological Assets other than Bearer Plants	0.00	0.00
(c) Financial Assets	0.00	0.00
(i) Investments	0.00	0.00
(ii) Trade Receivables	0.00	0.00
(iii) Loans	0.00	0.00
(d) Deferred Tax Assets (net)	0.06	0.06
(e) Other Non-Current Assets	0.00	0.00
<b>Sub-total - Non-Current Assets</b>	<b>4.82</b>	<b>4.01</b>
<b>2 Current Assets</b>		
(a) Inventories	2826.72	1894.31
(b) Financial Assets	0.00	0.00
(i) Investment	0.00	0.00
(ii) Trade Receivables	3768.32	2853.18
(iii) Cash and Cash Equivalents	1.82	569.23
(iv) Bank Balances other than (iii) above	0.00	0.00
(v) Loans	3505.26	2260.94
(vi) Others (to be specified)	0.00	0.00
(c) Current Tax Assets (Net)	0.00	0.00
(d) Other Current Assets	328.54	174.31
<b>Sub-total - Current Assets</b>	<b>10430.66</b>	<b>7751.96</b>
<b>TOTAL - ASSETS</b>	<b>10435.48</b>	<b>7755.97</b>
<p style="text-align: center;">  FOR DIPNA PHARMACHEM LIMITED    KEYUR SHAH  MANAGING DIRECTOR  DIN: 03167258 </p>		
<p>Place : Ahmedabad Date : 18/10/2023</p>		

**DIPNA PHARMACHEM LIMITED**  
CIN: L24100GJ2011PLC066400

REGD. OFFICE: A-211, Siddhi Vinayk Tower, Near D.A.V. School, Makarba, Ahmedabad-380051

**CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2023**

Particulars	(' In Lakhs)	
	AS ON 30-09-2023	AS ON 31-03-2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	79.79	138.13
Adjustment For :	0.00	
Depreciation of property, plant & equipment	0.66	1.17
Finance Cost	86.95	95.64
Interest Income classified as Investing Cash Flows	0.00	0.00
Other Comprehensive Expense	0.00	0.00
(Profit) / Loss on sale of property, plant & equipment	0.00	0.00
<b>Operating Profit before working capital changes</b>	<b>167.40</b>	<b>234.94</b>
Adjustment For :		
(a) (Increase)/Decrease in Inventories	(932.41)	(1263.95)
(b) (Increase)/Decrease in Trade Receivables	(915.14)	(155.70)
(b) (Increase)/Decrease in Current Assets	(1398.55)	(2165.11)
(c) (Increase)/Decrease in Non-Current Financial Assets	0.00	0.00
(d) Increase /(Decrease) in Long Term Provisions	0.00	0.00
(e) Increase /(Decrease) in Long Term Borrowings	0.00	0.00
(f) Increase /(Decrease) in Short Term Borrowings	0.00	0.00
(g) Increase /(Decrease) in Other Current Liabilities	0.00	0.00
(h) Increase /(Decrease) in Short Term Provisions	0.00	0.00
(i) Increase /(Decrease) in Trade Payable	2416.26	1299.19
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(662.44)</b>	<b>(2050.63)</b>
Less : (a) Income Tax Paid	20.75	47.00
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES (A)</b>	<b>(683.19)</b>	<b>(2097.63)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(a) Purchase of Fixed Assets	(1.52)	(1.01)
(b) Sale of Fixed Assets	0.00	0.00
(c) Investment	0.00	0.00
(d) Interest Income	0.00	0.00
<b>NET CASH INFLOW / ( OUTFLOW) FROM INVESTING ACTIVITIES (B)</b>	<b>(1.52)</b>	<b>(1.01)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
(a) Proceeds/( Repayment) from Borrowings	204.20	571.87
(b) Subsidy Received	0.00	0.00
(c) Loans granted	0.00	0.00
(d) Proceeds from Issue of Share Capital	0.00	2170.82
(e) Interest Paid	(86.95)	(95.64)
<b>NET CASH INFLOW / (OUTFLOW) IN FINANCING ACTIVITIES (C)</b>	<b>117.25</b>	<b>2647.05</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(567.46)</b>	<b>548.41</b>
<b>OPENING BALANCE - CASH &amp; CASH EQUIVALENT</b>	<b>569.28</b>	<b>20.87</b>
<b>CLOSING BALANCE - CASH &amp; CASH EQUIVALENT</b>	<b>1.82</b>	<b>569.28</b>

FOR DIPNA PHARMACHEM LIMITED



*[Signature]*  
**KEYUR SHAH**  
MANAGING DIRECTOR  
DIN : 03167258

Place : Ahmedabad  
Date : 18/10/2023





**DEVADIYA & ASSOCIATES**  
CHARTERED ACCOUNTANTS

**Independent Auditor's Review Report on the Half yearly Unaudited Standalone Financial Results of the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.**

To,  
**The Board of Directors of  
Dipna Pharmachem Limited**

We have reviewed the accompanying statement of unaudited financial results of **DIPNA PHARMACHEM LIMITED (PAN: AADCD9404F)** for the period ended **30/09/2023**. 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 of the Statement in accordance with the Standard on Review Engagements (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 analytical procedures applied to financial data and thus provide 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

Our conclusion is not modified in respect of this matter.

**For Devadiya & Associates**  
**Chartered Accountant**  
**F R No. 123045W**



**CA Sanjay Devadiya**  
**M No: 112495**  
**UDIN: 23112495BGYWFR2503**  
Place: Ahmedabad  
Date: October 18<sup>th</sup>, 2023

A-203, Namarayan Complex, Nr. Swastik Cross Road,  
Navrangpura, Ahmedabad-380009.  
Voice : 079 - 4032 6703, Email : sanjay@devadiya.com  
Web : www.devadiya.com  
Offices at : Ahmedabad & Baroda

*Independent Auditors' Report*

**UDIN: 23112495BGYWCW7444**

To the Members of  
**Dipna Pharmachem Limited**  
Ahmedabad

**Report on the Audit of Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Dipna Pharmachem Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2023, Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 31st March, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI'S Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Key Audit Matters**

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

### **Information Other than on Financial Statements and Auditors' Report Thereon**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

### **Responsibility of Management for Financial Statements and Those Charged with Governance for the Financial Statements.**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position and financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of 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 judgements and estimates that are responsible 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Director 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 Board of Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Boards of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.



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

- Identify and assess the risks of material misstatement of the 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 with reference to financial statements 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 auditors' 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 financial statements, including the disclosures, and whether the 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, the matter specified in the paragraph 3 and 4 of the Order is applicable to the company for the year under consideration and attached herewith.
2. As required by section 143(3) of the Act, based on our audit we report 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 purpose of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
  - e) On the basis of written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - f) In pursuance to notification dated 13<sup>th</sup> June 2017 amending the notification of the Government of India in the Ministry of Corporate Affairs vide no G.S.R 464(E) dated 5<sup>th</sup> June 2015 reporting on adequacy of Internal Financial Controls over the Financial Reporting of the company is attached herewith in Annexure B.
  - g) 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, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company does not have any pending litigations for which provision have not been made which would impact its financial position.
    - ii) There are no long-term contracts including derivative contracts and accordingly no provision is required to be made for any loss from the same;
    - iii) The Provisions of transfer of funds to Investor Education and Protection Fund not applicable to the Company.
    - iv) (i) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity

("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

h) No dividend is declared or paid during the year by the Company.

3. With respect to the matter to be included in the Auditor's 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.

**For, Devadiya & Associates**  
**Firm Reg. No. 123045W**  
**Chartered Accountants**

**Date: 10/07/2023**  
**Place: Ahmedabad**

**(CA. Sanjay Devadiya)**  
**Partnership Firm**  
**Membership No. 112495**  
**UDIN: 23112495BGYWCW7444**

*Annexure "A" to the Independent Auditor's Report*

(Referred to in Paragraph 1 under 'Report on other legal and other regulatory requirements in the Independent Auditor's Report of even date to the members of **Dipna Pharmachem Limited** ("the Company") on the Financial Statements for the year ended 31st March 2023). We report that:

- (i) In respect to its fixed assets;
  - a. (A) The company has prepared Property, Plant and Equipment records showing particulars including quantitative details and situation of Property, Plant and Equipment.  
  
(B) The company do not have any Intangible Assets.
  - b. As informed to us, a substantial portion of the Property, Plant and Equipment have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
  - c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee) are held in the name of the Company.
  - d. The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
  - e. No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) a. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals, except for goods-in-transit. As informed to us there were no material discrepancies noticed on verification between the physical stocks and the book records and any discrepancies found has been properly dealt within the books of accounts.  
  
b. The Company has been sanctioned working capital limits in excess of Rs.5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns and statements comprising stock statements, book debt statements, statements on ageing analysis of the debtors and other stipulated financial information filed by the Company with such banks are in agreement with the unaudited books of account of the Company, of the respective quarters.
- (iii) During the year the company has made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties amounting to Rs.12,95,31,722/-.



- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect of grant of loans, making investments and providing guarantees and securities, as applicable. However, the Company has not charged the interest on abovesaid loans as mentioned in above clause (iii).
- (v) In our opinion, and according to the information and explanations given to us, during the year under consideration, the Company has not accepted any deposits within the meaning of sections 73 to 76 of the Act and Companies (Acceptance of Deposits) Rules, 2014 (as amended). Hence, reporting under Clause 3(v) of the aforesaid order are not applicable.
- (vi) According to the information and explanation given to us, the company is not required to maintain the Cost Records under section 148 (I) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us and the records of the Company examined by us:
  - (a) In our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities except Income Tax for the financial year 2021-22 amounting to Rs.40,25,000/-.
  - (b) There are no outstanding dues in respect of Income Tax, Goods and Service Tax, Sales Tax, service tax, duty of customs, duty of excise, value added tax or cess etc which have not been deposited/adjusted/reversed on account of any dispute.
- (viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix)
  - a) According to information & explanations given to us, the company has not defaulted in repayment of loans or other borrowing or in the payment of interest thereon to any lender.
  - b) The company has not been declared willful defaulter by any bank or financial institution or other lender.
  - c) The Company has taken term loan during the year and is applied for the purpose for which the loans were obtained.
  - d) On an overall examination of the financial statements of the Company funds raised on short terms basis have, prima facie, not been used during the year for long term purposes by Company.
  - e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
  - f) The company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence reporting under Clause 3(ix) (f) of the of the aforesaid order are not applicable.

- x) (a) The Company has raised 40,02,000 Equity Shares of Rs. 10/- each amounting to Rs. 4,00,20,000 by way of initial public offer during the year. The fund raised through Initial Public Offer has been utilized for the purpose for which it has been raised.
- (b) During the year, the Company has made Right issue of 1625000 Equity shares of Rs. 10/- each amounting to Rs. 1,62,50,000/- and Bonus Shares of 6308000 Equity Shares of Rs. 10/- each amounting to Rs. 6,30,80,000/-. The fund raised through Right Issue has been utilized for the purpose for which it has been raised. The company has complied with the requirements of section 42 and section 62 of the Companies Act, 2013.
- (xi) (a) According to information & explanations given to us, no material fraud by the company or on the Company has been noticed or reported during the year.
- (b) No report under sub section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- (c) The Company has not received any whistle blower complaints during the year.
- (xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) a) In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.
- b) We have considered the internal audit reports of the company issued till date, for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) a) According to the information and explanations provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the paragraph 3(xvi) of the Order is not applicable to the Company.
- b) The company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act 1934.
- c) The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence reporting under Clause 3(xvi)(c) of the of the aforesaid order are not applicable.
- d) The Group does not have any CIC as part of the Group. Hence reporting under Clause 3(xvi)(d) of the of the aforesaid order are not applicable.

- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) The statutory auditors of the Company for the financial year 2021-22 have resigned during the year and we have been appointed as statutory auditors of the Company.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans, and based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) The provisions of Section 135 of Company Act are presently not applicable to the Company. Hence reporting under Clause 3(xx) of the aforesaid order are not applicable.
- (xxi) This report pertains to standalone financial statements. Hence reporting under Clause 3(xxi) of the aforesaid order are not applicable.

**For, Devadiya & Associates**  
**Firm Reg. No. 123045W**  
**Chartered Accountants**

**Date: 10/07/2023**  
**Place: Ahmedabad**

**(CA. Sanjay Devadiya)**  
**Partner**  
**Membership No. 112495**  
**UDIN:23112495BGYWCW7444**

*Annexure “B” to the Auditors’ Report*

**Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)**

We have audited the internal financial controls over financial reporting of **Dipna Pharmachem Limited** (‘the Company’), as of 31 March, 2023, in conjunction with our audit of the financial statements of the Company for the year ended that date.

**Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal controls 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 responsibility 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 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.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’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’) and the Standards of Accounting, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls, both issued by the Institute of Chartered Accountants of India. 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



### **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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the 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, the Company has, 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 31 March 2023, 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.

**For, Devadiya & Associates**  
**Firm Reg. No. 123045W**  
**Chartered Accountants**

**Date: 10/07/2023**  
**Place: Ahmedabad**

**(CA. Sanjay Devadiya)**  
**Partner**  
**Membership No. 112495**  
**UDIN: 23112495BGYWCW7444**

# DIPNA PHARMACHEM LTD.

## BALANCE SHEET AS AT 31ST MARCH, 2023

Particulars	Note No.	As at 31st March, 2023	As at 31st March, 2022
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	119,700,000	350,000
(b) Reserves and Surplus	2	123,880,677	17,035,442
<b>(2) Non-Current Liabilities</b>			
(a) Long Term Borrowings	3	141,769,565	57,977,393
<b>(3) Current Liabilities</b>			
(a) Short Term Borrowings	4	17,306,227	43,911,318
(b) Trade Payables	5	362,825,524	230,300,218
(c) Other Current Liabilities	6	1,390,420	8,696,882
(d) Short Term Provisions	7	8,725,000	4,025,000
<b>Total Equity &amp; Liabilities</b>		<b>775,597,413</b>	<b>362,296,253</b>
<b>II. ASSETS</b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant and Equipments	8	395,668	411,853
(b) Deferred Tax Assets		5,813	-
<b>(2) Current Assets</b>			
(a) Inventories - Finished Goods		189,430,930	63,035,650
(b) Trade Receivables	9	285,317,630	269,748,018
(c) Cash and cash equivalents	10	56,922,606	2,086,594
(d) Other Current Assets	11	243,524,766	27,014,138
<b>Total Assets</b>		<b>775,597,413</b>	<b>362,296,253</b>
Significant Accounting Policies	18		
Notes forming part of accounts	19		
<b>FOR DEVADIYA &amp; ASSOCIATES</b>		<b>FOR DIPNA PHARMACHEM LTD.</b>	
<b>CHARTERED ACCOUNTANTS</b>			
<b>(Firm Reg. No. 123045W)</b>			
<b>(SANJAY DEVADIYA)</b>		<b>(DIRECTOR)</b>	<b>(Managing Director)</b>
<b>Partner</b>		Dipna Shah	Keyur Shah
<b>Membership No. : 112495</b>		<b>DIN : 0257462</b>	<b>DIN : 03167258</b>
<b>UDIN : 23112495BGYWCW7444</b>			
<b>Place : Ahmedabad</b>		<b>(CFO)</b>	<b>(Company Secretary)</b>
<b>Date : 10/07/2023</b>		<b>(Keyur Parmar)</b>	<b>(Khushboo Jethaliya)</b>

# DIPNA PHARMACHEM LTD.

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

Sr. No	Particulars	Note No.	2022-23	2021-22
I	Revenue from operations	12	999,272,266	727,554,545
	Other Income	13	62,924	104,114
II	<b>II. Total Revenue</b>		<b>999,335,190</b>	<b>727,658,659</b>
III	<u>Expenses:</u>			
	Purchase	14	1,081,300,030	676,667,282
	Changes in inventories	15	(126,395,280)	8,914,808
	Depreciation	8	116,835	62,014
	Direct Expenses	-	-	495,740
	Financial Interest	16	9,563,504	6,056,698
	Other Expenses	17	20,936,679	19,719,458
	<b>Total Expenses (III)</b>		<b>985,521,768</b>	<b>711,916,000</b>
IV	Profit before exceptional and extraordinary items and tax (II-III)		<b>13,813,422</b>	<b>15,742,659</b>
V	Exceptional Items		-	-
VI	Profit before extraordinary items and tax (IV - V)		<b>13,813,422</b>	<b>15,742,659</b>
VII	Extraordinary Items		-	-
VIII	Profit before tax (VI - VII)		<b>13,813,422</b>	<b>15,742,659</b>
IX	<u>Tax expense:</u>			
	(1) Current tax (including earlier years)		4,700,000	4,073,968
	(2) Deferred tax		(5,813)	-
X	Profit(Loss) from the year from continuing operations	(VIII-IX)	<b>9,119,235</b>	<b>11,668,691</b>
XI	Profit/(Loss) from discontinuing operations		-	-
XII	Tax expense of discounting operations		-	-
XIII	Profit/(Loss) from Discontinuing operations (XI - XII)		-	-
XIV	Profit/(Loss) for the year (X + XIII)		<b>9,119,235</b>	<b>11,668,691</b>
XV	Earning per equity share:			
	(1) Basic		260.55	333.39
	(2) Diluted		260.55	333.39
	Significant Accounting Policies	18		
	Notes forming part of accounts	19		
FOR DEVADIYA & ASSOCIATES CHARTERED ACCOUNTANTS (Firm Reg. No. 123045W)			FOR DIPNA PHARMACHEM LTD.	
(SANJAY DEVADIYA) Partner Membership No. : 112495 UDIN : 23112495BGYWCW7444			(Director) Dipna Shah DIN : 0257462	(Managing Director) Keyur Shah DIN : 03167258
Place : Ahmedabad Date : 10/07/2023			(CFO) (Keyur Parmar)	(Company Secretary) (Khushboo Jethaliya)

DIPNA PHARMACHEM LTD. CASH FLOW STATEMENT		
	Year ended 31.03.2023 (Rs.)	Year ended 31.03.2022 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax & Extraordinary Items	13,813,422	15,742,659
Adjustment for		
Depreciation	116,835	62,014
Interest Paid	9,563,504	6,056,698
Operating profit before Working Capital Changes	23,493,761	21,861,371
Adjustment for		
Trade & Other Receivables	(15,569,612)	(120,270,129)
Inventories	(126,395,280)	8,514,808
Loans & Advances	-	-
Other Current Assets	(216,510,628)	(3,445,864)
Trade & Other Payables	129,918,844	125,069,182
Cash used for Operations	(206,062,816)	82,128,388
Taxes Paid	4,709,000	4,073,868
Net Cash from Operating Activities	(209,792,816)	28,964,400
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets (Net)	(100,650)	(67,712)
Net Cash used for Investing Activities	(100,650)	(67,712)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net Proceeds from Borrowings	57,187,081	(22,374,930)
Proceeds from issue of share capital including premium	217,081,813	-
Interest Paid	(9,563,504)	(6,056,698)
Net Cash generated in Financing Activities	264,705,390	(28,431,628)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	54,841,825	(444,940)
Opening Balance of Cash & Cash Equivalents	2,086,594	2,531,534
Closing Balance of Cash & Cash Equivalents	68,928,419	2,086,594
<b>Notes :</b> 1 The above Cash Flow has been compiled from and is based on the Balance sheet as at 31st March, 2023 and the related Profit & Loss Account for the year ended on that date. 2 The above cash flow statement has been prepared under the Indirect Method as set out in the Accounting Standard-3 on Cash Flow Statement issued by The Institute of Chartered Accountants of India. 3 Figures in parenthesis represent outflow. 4 Previous year's figures have been regrouped, wherever necessary, to confirm current year's presentation.		
As per our report of even date attached hereto		
For, DEVADIYA & ASSOCIATES Chartered Accountants FIRM REG.NO.: -123046W	For, DIPNA PHARMACHEM LIMITED	
(Sanjay Devadiya) Partner Membership No. 112485 Date: 10/07/23 Place : Ahmedabad	(Managing Director) KEYUR D SHAH DIN No: 02607482	(DIRECTOR) DIPNA K SHAH DIN No.: 03167268
	(CFO) (Keyur Parmar)	(Company Secretary) (Khushboo Jethaliya)

## DIPNA PHARMACHEM LTD.

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2023

### Note No.1 Share Capital

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	<b>AUTHORIZED CAPITAL</b> 12000000 (5000000) Equity Shares of Rs. 10/- each.	120,000,000	50,000,000
		120,000,000	50,000,000
2	<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b> <i>To the Subscribers of the Memorandum</i> 11970000(35,000) Equity Shares of Rs. 10/- each, Fully Paid up Share capital by allotment	119,700,000	350,000
	<b>Total</b>	<b>119,700,000</b>	<b>350,000</b>

### Note No.1.1

Number of shares outstanding at the beginning and at the end of the reporting period is as below :

	Particulars	No. of Shares
	Number of shares outstanding at the beginning of the reporting period	35000
ADD	Right Share Issued on 05-04-2022	1625000
ADD	Bonus Share Issued on 20-04-2022	4980000
ADD	Bonus Share Issued on 14-05-2022	1328000
ADD	Initial Public Offer share Issued on 08-09-2022	4002000
	Number of shares outstanding at the end of the reporting period	11970000

### Note No.1.2

Shares in the company held by each shareholder holding more than 5 percent shares

Sr. No.	Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
		No. of Shares	% of Holding	No. of Shares	% of Holding
1	Dipna keyur Shah	4884000	40.80%	17500	50.00%
2	Keyur Dipakdumar Shah	3083500	25.76%	17500	50.00%

### Note No.1.3

Disclosure of Shareholding of the promoters

Sr. No.	Name of Shareholder	As at 31st March 2023		As at 31st March 2022		% Change during the year
		No. of Shares	% of Holding	No. of Shares	% of Holding	
1	Dipna keyur Shah	4884000	40.80	17500	50.00	- 10.20
2	Keyur Dipakdumar Shah	3083500	25.76	17500	50.00	- 24.24

### Note No.1.4

Shares issued for other than cash, Bonus Issue and shares bought back are as under :

Sr. No.	Name of Shareholder	Bonus shares issued	
		No. of Shares	Date of issue
1	Dipna keyur Shah	3052500	20-04-22
2	Keyur Dipakdumar Shah	1927500	20-04-22
3	Dipna keyur Shah	514,000	14-05-22
4	Keyur Dipakdumar Shah	814,000	14-05-22

### Note No.1.5

The Company has one class of Equity share having par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. Equity shareholder is entitle to dividend as and when declared by the company.

**DIPNA PHARMACHEM LTD.***Notes Forming Integral Part of the Balance Sheet as at 31st March, 2023***Note No.2 Reserve & Surplus**

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	Profit and Loss Statements		
	As per last Balance Sheet	14,785,442	3,116,751
	Add: Profit for the year	9,119,235	11,668,691
	Less: Allotment of Bonus shares	(13,280,000)	-
	<b>Total (A)</b>	<b>10,624,677</b>	<b>14,785,442</b>
2	Share Premium		
	As per last Balance Sheet	2,250,000	2,250,000
	Add: during the year	160,806,000	-
	Less: Allotment of Bonus shares	(49,800,000)	-
	<b>Total (B)</b>	<b>113,256,000</b>	<b>2,250,000</b>
	<b>Total (A+B)</b>	<b>123,880,677</b>	<b>17,035,442</b>

**Note No.3 Long term Borrowings**

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	From Banks ( Against Property)	113,612,753	2,184,901
2	From Banks (against stock and book debts)	7,850,060	-
3	From Non-Banking Financial Company	4,938,102	4,367,114
	From Non-Banking Financial Company-Growth Source Financial Technology Pvt. Ltd. (against personal property of director)	14,486,947	18,122,458
4	From Directors and Relatives	881,703	33,302,920
	<b>Total</b>	<b>141,769,565</b>	<b>57,977,393</b>

**Note No.4 Short Term Borrowings**

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	From Banks (against stock and book debts)	4,396,380	39,620,367
2	From Non-Banking Financial Company	9,486,295	3,208,122
3	From Non-Banking Financial Company-Growth Source Financial Technology Pvt. Ltd. (against personal property of director)	3,423,552	1,081,829
4	From Directors and Relatives	-	-
	<b>Total</b>	<b>17,306,227</b>	<b>43,911,318</b>

# **DIPNA PHARMACHEM LTD.**

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2023

## **Note No.5 Trades Payables**

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	Sundry Creditors For Goods & Services		
	-total outstanding dues of micro enterprises and small enterprises		
	-less than one year	169,040,817	38,345,232
	-one to two year	-	278,112
	-total outstanding dues of creditors other than micro enterprises and small enterprises	183,347,788	180,502,717
2	Advance from Customers	10,436,919	11,174,157
	<b>Total</b>	<b>362,825,524</b>	<b>230,300,218</b>

## **Ageing of Trade Payables as at 31st March, 2023**

Sr. No	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
1	Dues to Micro and Small (MSME)	169,040,817	-	-	-	169,040,817
2	Others	178,093,555	3,786,433	-	11,904,719.00	193,784,707
3	Disputed	-	-	-	-	-
	MSME	-	-	-	-	-
	Others	-	-	-	-	-
	<b>Total</b>	<b>347,134,372</b>	<b>3,786,433</b>	<b>-</b>	<b>11,904,719</b>	<b>362,825,524</b>

## **Ageing of Trade Payables as at 31st March, 2022**

Sr. No	Particulars	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
1	Dues to Micro and Small (MSME)	38,345,232	278,112	-	-	38,623,344
2	Others	179,772,155	-	11,904,719	-	191,676,874
3	Disputed	-	-	-	-	-
	MSME	-	-	-	-	-
	Others	-	-	-	-	-
	<b>Total</b>	<b>218,117,387</b>	<b>278,112</b>	<b>11,904,719</b>	<b>-</b>	<b>230,300,218</b>

Notes: This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The Company has not received any claim for interest from any supplier as at the balance sheet date. Hence, disclosure as per MSME Act for interest is not required. These facts have been relied upon by the auditors. The disclosures relating to micro and small enterprises is given in above schedule.

## **Note No.6 Other Current Liabilities**

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	Statutory Liabilities		
	-GST Payable	-	7,775,730
	-TCS Payable	-	174,608
	-TDS Payable	1,390,420	746,544
	<b>Total</b>	<b>1,390,420</b>	<b>8,696,882</b>

## **Note No.7 Short Term Provisions**

Sr. No	Total	As at 31st March, 2023	As at 31st March, 2022
1	Provision for Income Tax	8,725,000	4,025,000
	<b>Total</b>	<b>8,725,000</b>	<b>4,025,000</b>

**DIPNA PHARMACHEM LTD.**

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2023

**Note No.8 Property, Plant and Equipments**

No.	Description of Assets	G R O S S B L O C K				DEPRECIATION				NET BLOCK	
		Op. Bal. 01.04.2022	ADDITIONS	DEDUCTION	TOTAL 31.03.2023	Op. Bal. 01.04.2022	ADDITIONS	DEDUCTION	TOTAL 31.03.2023	AS AT 31.03.2023	AS AT 31.03.2022
1	Computer And Printer	237,975	100,650	-	338,625	212,278	24,600	-	236,878	101,747	25,697
2	R.O. Kit	15,204		-	15,204	7,419	2,016	-	9,435	5,769	7,785
3	Air Conditioner	28,800		-	28,800	14,316	3,750	-	18,066	10,734	14,484
4	Furniture & Fixtures	402,620		-	402,620	138,104	68,483	-	206,587	196,033	264,516
5	Mobile Account	118,559	-		118,559	19,188	17,986	-	37,174	81,385	99,371
	<b>Current Year</b>	803,158	100,650	-	903,808	391,305	116,835	-	508,140	395,668	411,853
	<b>Previous Year</b>	735,446	67,712	-	803,158	329,291	62,014	-	391,305	411,853	



# **DIPNA PHARMACHEM LTD.**

Notes Forming Integral Part of the Balance Sheet as at 31st March, 2023

## **Note No.9 Trade Receivables**

(Considered Unsecured and Good)

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	Over Six Months	143,557,245	107,222,886
2	Others	141,760,385	162,525,132
	<b>Total</b>	<b>285,317,630</b>	<b>269,748,018</b>

## **Ageing of Trade Receivables as at 31st March 2023**

Sr. No	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
1	Undisputed Trade Receivable-Considered Good	141,760,385	38,013,850	52,605,449	52,937,946	-	285,317,630
2	Undisputed Trade Receivable-Considered doubtful	-	-	-	-	-	-
3	Disputed Trade Receivable-Considered Good	-	-	-	-	-	-
4	Disputed Trade Receivable-Considered doubtful	-	-	-	-	-	-
	<b>Total</b>	<b>141,760,385</b>	<b>38,013,850</b>	<b>52,605,449</b>	<b>52,937,946</b>	<b>-</b>	<b>285,317,630</b>

## **Ageing of Trade Receivables as at 31st March 2022**

Sr. No	Particulars	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
1	Undisputed Trade Receivable-Considered Good	162,525,132	54,284,940	52,937,946	-	-	269,748,018
2	Undisputed Trade Receivable-Considered doubtful	-	-	-	-	-	-
3	Disputed Trade Receivable-Considered Good	-	-	-	-	-	-
4	Disputed Trade Receivable-Considered doubtful	-	-	-	-	-	-
	<b>Total</b>	<b>162,525,132</b>	<b>54,284,940</b>	<b>52,937,946</b>	<b>-</b>	<b>-</b>	<b>269,748,018</b>

## **Note No.10 Cash & Cash Equivalents**

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	Balances with Banks		
	-in Current Accounts	2,885,218	1,195
	-in Fixed Deposit Accounts	-	1,334,331
	-in Cash Credit Accounts	54,012,489	-
2	Cash in hand	24,899	751,068
	<b>Total</b>	<b>56,922,606</b>	<b>2,086,594</b>

## **Note No.11 Other Current Assets**

Sr. No	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	Balance with Revenue Authorities	10,695,822	2,053,982
2	Loans & Advances		
	- Loans to Related Parties	129,531,722	-
	- Loans to Other Parties	96,562,086	104,075
3	Advance to Parties	4,255,626	24,896,081
4	Deposit (Assets)	2,479,510	-
	<b>Total</b>	<b>243,524,766</b>	<b>27,014,138</b>

# DIPNA PHARMACHEM LTD.

Notes Forming Part of the Profit & Loss Accounts for the year ended 31st March, 2023

## Note No.12 Revenue from Operations

Sr. No	Particulars	2022-23	2021-22
1	Sales	997,518,846	714,804,545
2	Commission Income	1,753,420	12,750,000
	<b>Total</b>	<b>999,272,266</b>	<b>727,554,545</b>

## Note No.13 Other Income

Sr. No	Particulars	2022-23	2021-22
1	Interest on Fixed deposit	60,606	85,663
2	Mis Income	2,045	18,451
3	Kasar Vata	273	-
	<b>Total</b>	<b>62,924</b>	<b>104,114</b>

## Note No.14 Purchase

Sr. No	Particulars	2022-23	2021-22
1	Purchase	1,081,300,030	676,667,282
	<b>Total</b>	<b>1,081,300,030</b>	<b>676,667,282</b>

## Note No.15 Change in Inventory

Sr. No	Particulars	2022-23	2021-22
1	Opening Stock of Finished Goods	63,035,650	71,650,458
2	Closing Stock of Finished Goods	189,430,930	63,035,650
	<b>Total</b>	<b>(126,395,280)</b>	<b>8,914,808</b>

## Note No.16 Financial Interest

Sr. No	Particulars	2022-23	2021-22
1	Interest on Loan	5,029,164	4,014,766
2	Interest on Bank	4,534,340	2,041,932
	<b>Total</b>	<b>9,563,504</b>	<b>6,056,698</b>

## Note No.17 Other Expenses

N	Particulars	2022-23	2021-22
1	Auditors Remuneration	125,000	46,000
2	Travelling & Conveyance Expenses	510,097	1,015,420
3	Office Expenses	283,217	547,076
4	Electricity Expenses	29,562	10,590
5	Bank Charges	464,280	237,710
6	Computer & Printer Repairing	41,950	53,167
7	Salary & Bonus Exp.	4,350,193	5,354,212
8	Freight Exp.	5,583,717	3,906,901
9	Godown Rent	470,040	175,409
10	Godown Expenses	115,115	12,000
11	Insurance Exps	1,349,422	69,236
12	Legal & Professional Exps.	2,941,173	1,258,215
13	Printing & Stationary Expenses	49,889	327,834
14	Processing Exps	858,140	450,471
15	Interest on TDS	91,637	25,919
16	Telephone Exp	54,131	71,763
17	Labour Exp.	269,675	2,164,607
18	Discount	-	572,124
19	Staff Welfare Exp.	153,084	821,718
20	Courier Exps	20,448	50,845
21	Other Exps	250,513	497,040
22	Laboratory Research & Development Exps	-	585,720
23	Marketing & Development Expenses	-	525,350
24	Merchant Banking Fee	-	100,000
25	Packing Material Expenses	-	825,600
26	LC Charges	213,423	14,531
27	Commission & Brokerage	1,862,173	-
28	IPO Expense	514,100	-
29	Market Making Expenses	300,000	-
30	Advertisement Exps.	35,700	-
	<b>Total</b>	<b>20,936,679</b>	<b>19,719,458</b>

**Note No.18      SIGNIFICANT ACCOUNTING POLICIES :**

**18.1      System of Accounting**

The financial statements are prepared under historical cost convention on an accrual basis and on the basis of going concern.

**18.2      Fixed Assets and Depreciation :**

**18.2.1      Fixed Assets**

Fixed Assets are capitalised at cost including all direct costs and other expenses incurred in connection with acquisition of assets apportioned there to.

**18.2.2      Depreciation**

Depreciation has been calculated on written down value method on Fixed Assets in accordance with the rates and in the manner prescribed under Schedule XIV to the Companies Act, 2013.

**18.3      Inventories**

Inventories are valued at cost or net realisable value, whichever is less.

**18.4      Sales**

Sales are net of rebate & discounts and is accounted on removal of the goods.

**18.5      Use of Estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the management to make judgment, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities on the date of Financial Statements and reported amounts of revenues and expenses for the year. Although these estimates are based on Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes different from the estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**18.6      Current & Non-Current Classification**

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of activities and time between the activities performed and their subsequent realization in cash or cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

## **18.7 Cash Flow Statement**

### **18.7.1 Cash & Cash Equivalents (for purpose of cash flow statement)**

Cash comprises cash on hand and demand deposit with banks. Cash Equivalents are short-term balances, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **18.7.2 Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit/ (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

## **18.8 Borrowings and borrowing costs**

Borrowing costs consist of interest and transactions costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the statement of profit and loss.

Investment income earned on the temporary investment of funds for specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization

## **18.9 Related Party transactions**

Disclosure of transactions with related parties, as required by Accounting Standard 18 "Related Party Disclosure" as specified in the Companies (Accounting Standard) Rules, (as amended), has been set out in a separate statement annexed to this note. Related parties as defined under paragraph 3 of the Accounting Standard 18 have been identified on the basis of representation made by the management and information available with the company.

## **18.10 Earnings per Share**

The company reports basic and diluted earnings per share (EPS) in accordance with the Accounting Standard 20 as specified in the Companies (Accounting Standard) Rules, (as amended). The Basic EPS has been computed by dividing the income available to equity shareholders by the weighted average number of Equity shares outstanding during the accounting year. There are no dilutive potential equity shares so Diluted EPS is same as Basis EPS.

## **18.11 Accounting policies not specifically referred to are consistent with generally accepted accounting practices.**

**Note No.19: Notes on Accounts**

- 19.1 The balances of Debtors and Creditors are subject to the confirmation.
- 19.2 In the opinion of the Board of Directors the current assests, loans & advances are approximately at the same value if realised in the ordinary course of business, the provisions of all known liabilities are adequate except stated otherwise.
- 19.3 Provision of Income Tax is made as per the Income Tax Act, 1961.
- 19.4 The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- 19.5 The company does not fall under requirements to fulfil given under section 135 corporate social responsibility.
- 19.6 The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 19.7 Auditor's Remuneration (Excluding GST)

Particulars	Year 2022-2023	Year 2021-22
Statutory Audit Fees	125000	46000
Taxation Matters	0	0
Certification Fees & Other Services	0	0
<b>Total</b>	<b>125000</b>	<b>46000</b>

- 19.8 There are no Immovable property held as at the end of current year.
- 19.9 The company have not made any revaluation in its Property, Plant and Equipment by registered valuer.
- 19.10 Loans and advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

Particulars	Year 2022-2023	Year 2021-22
Repayble on demand	129531722	0
<b>Total</b>	<b>129531722</b>	<b>0</b>

- 19.11 The Company do not have any intangible assets under development.

- 19.12 The Company does not have any benami property held in its name. No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- 19.13 *With regards to the Working Capital Loan,*
- 19.13.1 *Working Capital Loans from Banks of Rs. 3.22 Crore (Previous Year Rs. 2.69 Crore) are secured by hypothecation of present and future stock of raw materials, work-in-progress, finished goods, stores and spares, book debts, outstanding monies, receivables, claims, bills, materials in transit, etc.*
- 19.13.2 *The Company has satisfied all the covenants prescribed in terms of borrowings.*
- 19.14 The Company is not being declared wilful defaulter by any bank or financial institution or other lender.
- 19.15 The Company do not have any transactions with companies struck off.
- 19.16 The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- 19.17 The Company does not have any layers prescribed under clause (87) of Section 2 of the Act, read with Companies (Restriction on number of Layers) Rules, 2017.
- 19.18 Wherever, evidences / supporting for expenditure incurred by the Assessee are not available, we have relied upon the Vouchers / Statements duly certified by the Directors.
- 19.19 *It is not possible for us to verify whether the payment and receipt in excess of Rs. 200000/- have been made otherwise then by crossed cheque or bank draft as the necessary evidence is not in possession of the Assessee. Payment in excess of aforesaid if any, made to Government Authority or bank is not reported.*
- 19.20 *It is not possible for us to verify whether the expenses paid in excess of Rs 10000/- have been made otherwise then by crossed cheque or bank draft as the necessary evidence is not in possession of the Assessee. Payment in excess of aforesaid if any, made to Government Authority or bank is not reported.*
- 19.21 *It is not possible for us to verify whether the amount paid for assets in excess of Rs 10000/- have been made otherwise then by crossed cheque or bank draft as the necessary evidence is not in possession of the Assessee. Payment in excess of aforesaid if any, made to Government Authority or bank is not reported.*
- 19.22 In the opinion of the management, current assets, loans & advances are approximately of the values stated, if realized in the ordinary course of business. Balances of balance sheets like debtors, creditors, loans, advances etc. including squired up accounts are subject to confirmation and hence subject to adjustment, if any arising out of reconciliation. Inventories are taken, as valued and certified by the Assessee or management.

### 19.23 Analytical Ratios

Sr. No	Ratios	Numerator	Denominator	FY 2022-23	FY 2021-22	% of Variance	Reason for change - Notes
1	Current Ratio	Current Assets	Current Liabilities	1.36	1.17	17	
2	Debt-equity ratio	Total Debt (Borrowings)	Total Equity	0.65	5.86	-88.86	18.1
3	Debt service coverage ratio	Earnings available for debt service	Finance Costs (excluding cost pertaining to lease liabilities) + Repayment of borrowings	1.07	1.54	-30.67	18.2
4	Return on Equity	Profits after tax	Average Total Equity	3.74	67.12	-94.42	18.3
5	Inventory turnover Ratio	Cost of goods sold	Average Inventory	7.56	10.16	-25.53	18.4
6	Trade receivables turnover ratio	Revenue from Sale of Products and Services	Average Trade receivables	3.60	3.47	3.73	
7	Trade payables turnover ratio	Net Purchases of raw material, Packing material and stock-in-trade	Average Trade payables	3.70	3.97	-6.73	
8	Net capital turnover ratio	Revenue from Operations	Working Capital (Current Assets - Current Liabilities)	7.07	15.18	-53.45	
9	Net profit ratio	Profit after tax	Revenue from Operations	0.91	1.60	-43.10	18.5
10	Return on capital Employed	Profit before interest (excluding interest on lease liabilities), exceptional items and tax	Average Capital Employed [Total Equity + Total Debt (Borrowings)]	5.81	18.28	-68.23	18.6
11	Return on Investment	Income during the year	Time weighted average of Investment	N.A	N.A		N.A
A	Return on Fixed Deposits			N.A	N.A		N.A
B	Return on quoted equity Investment			N.A	N.A		N.A

#### Reasons for Variances Notes:

1. Change is due to significant increase in share capital.
2. Change is due to significant increase in interest.
3. Change is due to significant increase in shareholder fund.
4. Change is due to significant increase in inventory.
5. Change is due to significant increase in revenue.
6. Change is due to significant increase in equity fund.



- 19.24 The Company has no scheme of arrangements approved by the competent authority as per Companies Act, 2013.
- 19.25 *The Company has not received information from the suppliers regarding their status under the Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosure, if any, relating to amount unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act have not been made, compiled & disclosed.*
- 19.26 Previous year figures are regrouped – rearranged wherever it required making them comparable with the current year figures.
- 19.27 The Company does not have any relationship with struck off companies as on the balance sheet date, and hence disclosure is not required for the relationship with struck off companies.
- 19.28 **Deferred Tax:**  
The breakup of net deferred tax liability as at 31<sup>st</sup> March, 2023 is as under:

	Particulars	2022-2023	2021-2022
	<b>Deferred Tax Assets</b>		
	-Provision for Gratuity, PF, ESIC, Non-Payment of TDS Disallowance	5813.00	0.00
	<b>Sub Total (A): -</b>	<b>5813.00</b>	<b>0.00</b>
	<b>Deferred Tax Liabilities</b>		
	- Depreciation difference	0.00	0.00
	<b>Sub Total (B): -</b>	<b>0.00</b>	<b>0.00</b>
	<b>Net Deferred Tax Assets /(Liabilities)</b>	<b>5813.00</b>	<b>0.00</b>
	<b>TOTAL (A-B)</b>		

- 19.29 Utilisation of borrowed funds and share premium
- 19.29.1 The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or,
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 19.29.2 The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or,
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.



19.30 Related Parties Disclosures:

As per the Accounting Standard 18, disclosures of transactions with related parties (As identified by the Management), as defined in Accounting Standard are given below:

**A. Relationships**

<b>a Key Management Personnel</b>		
<b>Sr.no.</b>	<b>Name</b>	<b>Designation</b>
1	Dipna keyur Shah	Director
2	Keyur Dipakkumar Shah	Director
3	Nandish Jani	Director
4	Jitendra Pradipbhai Parmar	Director

<b>b Relatives of Key Management Personnel</b>		
<b>Sr.no.</b>	<b>Name</b>	<b>Designation</b>
-	-	-

**c. Enterprises owned or significantly influenced by key management personnel or their relatives**

<b>Sr.no.</b>	<b>Name</b>
1	Dhara Chemical
2	Dipan Pharma Chem
3	Dipan Pharmachem Private Limited
4	Auric Impex Private Limited
5	United Pharma INC
6	Dhara Pharmachem Private Limited
7	Cedac Medicorp

**B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year**

<b>Particular</b>	<b>As at 31st March, 2023</b>	<b>As at 31st March, 2022</b>
<b>Purchase of Goods</b>		
Dipan Pharma chem	10348871	21450835
Dhara Chemical Rudrapur	799723	20562474
United Pharma INC	840880	97198
Dhara Chemical	4642224	21041409
Cedac Medicorp	26803892	7087316
<b>Sales</b>		
Dhara Chemical Rudrapur	6198975	10118240
United Pharma INC	94990	2917409
Dhara Pharmachem Private Limited	8736720	-
Dipan Pharmachem Private Limited	5584940	-
Dhara Chemical	-	11290771
Cedac Medicorp	4353746	20654667

Remuneration to key Management Personnel and their relatives (excluding commission and sitting fees) (refer note (a) below)	-	-
Outstanding as at year end	-	-
<b>Receivable</b>		
Dipna Keyur Shah (Loans & Advance)	207000	-
Keyur Dipak Shah (Loans & Advance)	15597710	-
Dhara Chemical (Creditor)	3945896	8166000
Dhara Chemical-Rudrapur (Debtor)	11194261	5861322
Dhara Chemical (Loan)	16531539	-
Dhara Pharmachem Pvt Ltd (Debtor)	4233156	-
Dhara Pharmachem Pvt Ltd (Loan)	5358500	-
Dipan Pharma Chem (creditor)	28822917	-
Dipna Pharmachem Pvt Ltd (Debtor)	13940	-
Dipna Pharmachem Pvt Ltd (Loan)	11704000	-
Dipan Pharma Chem (Loan)	57738593	-
United Pharma INC	2484847	2311717
Dhara Chemical-Rudrapur (Loan)	5874300	-
Cedac Medicorp (Debtors)	38614836	16771072
Dipan Pharmachem (Debtors)	-	31217939
<b>Payable</b>		
Dhara Chemical (Loan)	-	24843
Dipan Pharma Chem (Loan)	-	378
Keyur Dipak Shah (Loans)	-	3074790
Auric Impex Private Limited (Creditor)	-	7974207

Note: (a) The remuneration to the key managerial personnel does not include the provisions made for gratuity, as it is determined on an actuarial basis for the company as a whole.

Terms and conditions of transactions with related parties

Outstanding balances at the yearend are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Group has not recorded any impairment of receivables relating to amounts owned by related parties. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.

**For, DEVADIYA & ASSOCIATES**  
Chartered Accountants

**For, DIPNA PHARMACHEM LTD.**

CA Sanjay Devadiya  
Partner  
M. No. 112495  
FRN 123045W  
UDIN: 23112495BGYWCW7444

(Director)  
Dipna Shah  
DIN : 0257462

(Director)  
Keyur Shah  
DIN : 03167258

Date: 10/07/2023  
Place: Ahmedabad

(CFO)  
(Keyur Parmar)

(Company Secretary)  
(Khushboo Jethaliya)

Related Parties Disclosures			
As required by Accounting Standard -18 "Related Parties Disclosures", the disclosure of transactions with related parties are as given below:			
<b>A. Relationships</b>			
<b>a. Key Management Personnel</b>			
Sr.no.	Name	Designation	
1	Dipna Keyur Shah	Director	
2	Keyur Dipakumar Shah	Director	
3	Nandish Jari	Director	
4	Jitendra Pradipbhai Parmar	Director	
<b>b. Relatives of Key Management Personnel</b>			
Sr.no.	Name	Designation	
-	-	-	
<b>c. Enterprises owned or significantly influenced by key management personnel or their relatives</b>			
Sr.no.	Name		
1	Dhara Chemical		
2	Dipen Pharma Chem		
3	Dipen Pharmachem Private Limited		
4	Auric Impex Private Limited		
5	United Pharma INC		
6	Dhara Pharmachem Private Limited		
7	Cedac Med corp		
<b>B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year</b>			
	Particular	As at 31st March, 2023	As at 31st March, 2022
<b>Expenses</b>			
<b>Income</b>			
<b>Purchase of Goods</b>			
	Dipen Pharma chem	10348871	21450835
	Dhara Chemical Rudrapur	798723	20562474
	United Pharma INC	840880	97198
	Dhara Chemical	4642224	21041409
	Cedac Med corp	26803692	7087316
<b>Sales</b>			
	Dhara Chemical Rudrapur	6198675	10118240
	United Pharma INC	94990	2917409
	Dhara Pharmachem Private Limited	8736720	-
	Dipen Pharmachem Private Limited	5584940	-
	Dhara Chemical	-	11290771
	Cedac Med corp	4353748	20654967
<b>Donation</b>			
<b>Remuneration to key Management Personnel and their relatives (excluding commission and sitting fees) (refer note (a) below)</b>			
<b>Commission</b>			
<b>Commission (Non Executive Director)</b>			
<b>Sitting Fees</b>			
<b>Outstanding as at year end</b>			
<b>Receivable</b>			
	Dipna Keyur Shah (Loans & Advance)	207000	-
	Keyur Dipak Shah (Loans & Advance)	15597710	-
	Dhara Chemical (Creditor)	3945896	8186000
	Dhara Chemical-Rudrapur (Debtor)	11104261	5861322
	Dhara Chemical (Loan)	1651539	-
	Dhara Pharmachem Pvt Ltd (Debtor)	4233156	-
	Dhara Pharmachem Pvt Ltd (Loan)	5358500	-
	Dipen Pharma Chem (creditor)	28822917	-
	Dipen Pharmachem Pvt Ltd (Debtor)	13640	-
	Dipen Pharmachem Pvt Ltd (Loan)	11704000	-
	Dipen Pharma Chem (Loan)	57738503	-
	United Pharma INC	2484847	2311717
	Dhara Chemical-Rudrapur (Loan)	5674300	-
	Cedac Med corp (Debtors)	88614838	18771072
	Dipen Pharmachem (Debtors)	-	31217936
<b>Payable</b>			
	Dhara Chemical (Loan)	-	26843
	Dipen Pharma Chem (Loan)	-	378
	Keyur Dipak Shah (Loans)	-	3074790
	Auric Impex Private Limited (Creditor)	-	7974207
Note: (a) The remuneration to the key managerial personnel does not include the provisions made for gratuity as it is determined on an actuarial basis for the company as a whole.			
<b>Terms and conditions of transactions with related parties.</b>			
Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2023, the Group has not recorded any impairment of receivables relating to amounts owned by related parties. This assessment is undertaken at each financial year through examining the financial position of the related party and the market in which the related party operates.			



## CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at 31<sup>st</sup> March, 2023, on the basis of Audited Financial Statements:

(Rs. in Lakhs)		
Particulars	Pre-Offer as at 31/03/2023	As adjusted for the Offer*
<b>Debt:</b>		
Current borrowings (A)	173.06	[●]
Non-Current borrowings (including Current Maturity) (B)	1417.70	[●]
<b>Total Debt (C = A + B)</b>	<b>1,590.76</b>	<b>[●]</b>
<b>Equity:</b>		
Equity Share capital (D)	1197.00	[●]
Other Equity (E)	1238.81	[●]**
<b>Total Equity (F=D+E)</b>	<b>2435.81</b>	<b>[●]</b>
<b>Non-Current borrowings (including current maturity) / Total Equity (B / F)</b>	<b>0.58</b>	<b>[●]</b>
<b>Total Debt / Total Equity (C / F)</b>	<b>0.65</b>	<b>[●]</b>

\*Assuming full subscription of the Issue and to be updated at the time of finalization of Letter of Offer

\*\*Not adjusted for Issue related expenses

\*\*\*The figures for the respective financial statements line items under “As adjusted for the Issue” column have been derived after considering the impact due to proposed rights issue of Equity Shares.

**A. Overview of the Indian Economy:**

India's economy has experienced a significant surge over the past nine years, elevating it from the 10<sup>th</sup> to the 5<sup>th</sup> position in the global rankings, thereby establishing its position as a major economic powerhouse on the world stage. For FY 2022-23, Standard & Poor's credit rating for India stood at BBB(-) with a stable outlook, Moody's credit rating stood at Baa3 with a stable outlook, Fitch's credit rating was reported at BBB(-) with a negative Outlook. In FY22, India's nominal gross domestic product (GDP) at current prices was estimated at Rs. 232.15 trillion (US\$ 3.12 trillion). Notably, India is home to over 100 unicorns valued at US\$ 332.7 billion, making it the third-largest unicorn base globally.

India's economy primarily thrives on domestic demand, with consumption and investments accounting for 70% of economic activity. The Union Government's financial performance in the fiscal year 2022-23 has remained strong due to the revival of economic activity, an increase in gross tax revenues from direct taxes and Goods & Services Tax (GST), and realistic assumptions in the Budget. As the economy recovers from the Covid-19 pandemic, investments have been made across various sectors, boosted by government PLI schemes.

The Union Government has maintained its focus on capital expenditure (Capex) during the year. The Centre has also incentivized the State Governments through interest-free loans and enhanced borrowing ceilings to prioritize their spending on Capex. India's services exports have remained resilient during the Covid-19 pandemic and amid geopolitical uncertainties driven by higher demand for digital support.

**B. Outlook:**

The recent reopening of economies has fueled a faster-than-anticipated recovery. Global growth is forecast to change from 3.2 percent in 2022 and 2.7 percent in 2023. However, economic activity continues to be affected by the increase in interest rates aimed at combating inflation and financial market turbulence. The rapid spread of the COVID-19 pandemic in China also impeded growth in 2022. Furthermore, Russia's military intervention in Ukraine caused extensive damage to physical infrastructure and led to the displacement of over a million people. Accordingly, the strength of this projected recovery will vary across countries, depending on the severity of the pandemic, the extent of domestic disruptions, and the effectiveness of government policy support to stabilize their economies. Global inflation is expected to decline from 8.8 percent in 2022 to 6.6 percent in 2023 and further to 4.3 percent in 2024.

**C. Indian Chemical Industry:**

The Indian chemical industry is an integral component of the Indian economy, contributing around 6.7 per cent of the Indian GDP. It touches our lives in many different ways. Whether it is thermoplastic furniture we use, or a synthetic garment we wear, or a drug we consume – we are inextricably linked to it.

The chemical industry of India is a major industry in the Indian economy and as of 2022, contributes 7% of the country's Gross Domestic Product (GDP). India is the world's sixth largest producer of chemicals and the third largest in Asia, as of 2022. The value of the Indian chemical industry was estimated at \$100 billion dollars in 2019. The chemical industry of India generates employment for five million people. The Indian chemical industry produces 80,000 different chemical products. India was also the third largest producer of plastic in 2019. As of September 2019, the alkali chemical industry produced 71% of all chemicals produced in India. India's chemical industry accounts about 14% of production in Indian industries.

**D. Opportunities and Threats:****Opportunities:**

- India's specialty chemicals companies are expanding their capacities to cater to rising demand from domestic and overseas
- With global companies seeking to de-risk their supply chains, which are dependent on China, the chemical sector in India has the opportunity for a significant growth.
- Rise in demand from end-user industries such as food processing, personal care and home care is driving development of different segments in India's specialty chemicals market.

**Threats:**

- The competition has increased from Domestic and other developed countries.
- Because firms can enter and quit an industry with few limitations, the number of substitutes in the same product line at different prices poses a risk of losing the investor base.
- Threats for this Industry are very common and every person is aware of the threats and the risks involved with this Industry.

**E. Segment-wise or Product-wise performance:**

The Company is primarily engaged in single segment i.e. Pharmaceutical Trading.

**F. Future Outlook:**

The Company presents the analysis of the Company for the year 2022-23 & its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic & other developments, both in India and abroad.

**G. Internal control systems and their adequacy:**

The Company has taken adequate preventive and precautionary measures to overcome all negative factors responsible for low trend to ensure steady growth.

**H. Discussion on financial performance with respect to operational performance:**

The financial performance of the Company for the Financial Year 2022-23 is described in the Directors' Report of the Company.

**I. Material developments in Human Resources / Industrial Relations front including number of people employed:**

The cordial employer - employee relationship also continued during the year under the review. The Company has continued to give special attention to human resources.

**J. Material financial and commercial transactions:**

During the year there were no material financial or commercial transactions.

**K. Key financial ratios:**

In accordance with the SEBI (Listing Obligations and Disclosures Requirements) Regulations 2018 (Amendment) Regulations, 2018, the Company is required to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in Key sector-specific financial ratios. In this regard, the Company has no significant changes in any key sector-specific financial ratios to report.

**L. Human resources:**

These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company operations include global and domestic demand supply conditions, Government regulations, tax regimes, economic developments and other factors such as litigation and business relations.

**M. Caution statement:**

Statements made in the Management Discussion and Analysis describing the various parts may be “forward looking statement” within the meaning of applicable securities laws and regulations. The actual results may differ from those expectations depending upon the economic conditions, changes in Government. Regulations and amendments in tax laws and other internal and external factors.

**Registered Office:**

A/211, Siddhi Vinayak Complex,  
Near D.A.V. School, Makarba,  
Ahmedabad - 380 055

**Place:** Ahmedabad

**Date:** 6<sup>th</sup> September, 2023

**Sd/-**

**Keyur Shah**

**Managing Director**

**DIN: 03167258**

**By the Order of the Board of**

**Dipna Pharmachem Limited**

**Sd/-**

**Dipna Shah**

**Director**

**DIN: 02507462**



## MARKET PRICE INFORMATION

The Equity Shares are listed on the BSE Limited. The Rights Equity Shares will be listed on the Stock Exchange pursuant to this Issue. For further details, please see “*Terms of the Issue*” on page 145 of this Letter of Offer. We have received In-principle Approval for listing of the Rights Equity Shares on the Stock Exchange to be issued pursuant to the Issue from BSE Limited vide letter dated [•]. Our Company will also make application to BSE Limited to obtain the trading approval from the stock exchange for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

**For the purpose of this section, unless otherwise specified:**

1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of our Equity Shares for the year, or the month, as the case maybe;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of our Equity Shares, for the year, the month, or the week, as the case may be; and
4. In case of two days with the same high/low/closing price, the date with higher volume has been considered.

### Stock Market Data of the Equity Shares

- a) The following table sets forth the high, low and average market prices of the Equity Shares recorded on the BSE Limited for F.Y. 2021-22 and 2022-23 and the number of the Equity Shares traded on the days of the high and low prices were recorded.

Year	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)	Average price for the year (Rs.)
2022	32.00	33.60	18.10	20.40	39,60,000	1,236	10,44,22,350	25.85
2023	20.35	29.35	10.50	17.56	96,24,000	2,660	17,93,44,980	19.93

- b) Monthly high and low prices for the six months preceding the date of filing this Letter of Offer with BSE Limited:

Month	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)	Average price for the month (Rs.)
April, 2023	13.29	18.50	12.50	17.36	3,15,000	102	50,67,540	15.50
May, 2023	17.50	17.55	14.87	16.25	2,31,000	76	37,41,180	16.21
June, 2023	16.50	28.58	16.00	24.90	12,87,000	404	3,00,48,510	22.29
July, 2023	24.00	26.90	18.88	19.40	4,44,000	148	99,39,480	22.89
Aug, 2023	19.53	23.00	19.26	21.53	3,18,000	104	66,79,440	21.13
Sept, 2023	21.45	29.35	13.51	14.40	40,38,000	992	7,46,15,310	21.43

- c) Total number of days of trading during the preceding six months: Total Number of days traded during 01/04/2023 to 30/09/2023 - 116 days.
- d) Market price of Equity shares immediately after the date on which the resolution of the Board of Directors approving the Issue: The closing market price of the Equity Shares of the Company on BSE Limited, as on 19<sup>th</sup> October, 2023 (being a day immediately after the date on which resolution of Board of Directors was passed for approving Rights issue) was Rs. 18.27/-.

The Issue Price is Rs. [•] per Rights Equity Share and has been arrived at by our Company prior to the determination of the Record Date.

**OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*Except as disclosed below, there are no outstanding litigations involving our Company whose financial statements are included in the Letter of Offer, either separately or in a consolidated form including, suits, criminal or civil proceedings and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:*

- *In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact our future revenues, we have considered all pending litigations involving our Company, other than criminal proceedings, statutory or regulatory actions, as 'material';*
- *For the purpose of determining materiality, the threshold shall be determined by the issuer as per requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

*Unless stated to the contrary, the information provided below is as of the date of this Letter of Offer.*

**PART I –LITIGATIONS INVOLVING OUR COMPANY****A. LITIGATIONS AGAINST OUR COMPANY**

- 1) Criminal Litigations: NIL
- 2) Civil Proceedings: NIL
- 3) Taxation Matters: NIL
- 4) Proceedings against our Company for economic offences/ securities laws/ or any other law: NIL
- 5) Penalties in last five years: NIL
- 6) Pending Notices against our Company: NIL
- 7) Past Notices to our Company: NIL
- 8) Disciplinary Actions taken by SEBI or stock exchanges against our Company: NIL
- 9) Defaults including non-payment or statutory dues to banks or financial institutions: NIL
- 10) Details of material frauds against the Company in last five years and action taken by the Companies: NIL

**B. LITIGATIONS FILED BY OUR COMPANY**

- 1) Criminal Litigations: NIL
- 2) Civil Proceedings: NIL
- 3) Taxation Matters: NIL
- 4) Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law: NIL

**PART II –LITIGATIONS INVOLVING DIRECTOR(S) OF OUR COMPANY****A. LITIGATIONS AGAINST DIRECTOR(S) OF OUR COMPANY**

- 1) Criminal Litigations: NIL
- 2) Civil Proceedings: NIL
- 3) Taxation Matters: NIL

- 4) Past Penalties imposed on our Directors: NIL
- 5) Proceedings initiated against our Directors for economic offences/securities laws/ or any other law: NIL
- 6) Directors on list of wilful defaulters of RBI: NIL

#### **B. LITIGATIONS FILED BY DIRECTOR(S) OF OUR COMPANY**

- 1) Criminal Litigations: NIL
- 2) Civil Proceedings: NIL
- 3) Taxation Matters: NIL

### **PART III – LITIGATIONS INVOLVING PROMOTER(S) OF OUR COMPANY**

#### **A. LITIGATIONS AGAINST PROMOTER(S) OF OUR COMPANY**

- 1) Criminal Litigations: NIL
- 2) Civil Proceedings: NIL
- 3) Taxation Matters: NIL
- 4) Past Penalties imposed on our Promoters: NIL
- 5) Proceedings initiated against our Promoters for economic offences/securities laws/ or any other law: NIL
- 6) Penalties in last five years: NIL
- 7) Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in the past: NIL
- 8) Adverse finding against Promoter for violation of Securities laws or any other laws: NIL

#### **B. LITIGATIONS FILED BY PROMOTERS(S) OF OUR COMPANY**

- 1) Criminal Litigations: NIL
- 2) Civil Proceedings: NIL
- 3) Taxation Matters: NIL

### **PART IV – LITIGATIONS INVOLVING SUBSIDIARY COMPANY:**

As on date of this Letter of Offer, our Company does not have any subsidiary company.

### **PART V – LITIGATIONS INVOLVING GROUP COMPANY:**

As on date of this Letter of Offer, our Company does not have any litigations involving group Company.

### **PART VI – OTHER MATTERS: NIL**

### **PART VII – DETAILS OF ANY INQUIRY, INSPECTION OR INVESTIGATION INITIATED UNDER PRESENT OR PREVIOUS COMPANIES LAWS IN LAST FIVE YEARS AGAINST THE COMPANY OR ITS SUBSIDIARIES - NIL**

### **PART VIII – OUTSTANDING LITIGATION AGAINST OTHER COMPANIES OR ANY OTHER PERSON WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY - NIL**

### **PART IX – MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET**

Except as mentioned under the chapter - “*Management Discussion and Analysis of Financial Condition and Result of Operation*” on page 130 of this Letter of Offer, there have been no material developments, since the date of the last audited balance sheet.

## PART X – OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

As on March 31, 2023, our Company had 108 creditors, to whom a total amount of Rs. 3523.89 Lakhs were outstanding. Based on the above, the following are the material creditors of our Company.

Sr.No.	Particulars	Amount (Rs. in Lakhs)
1.	Amount due to Micro and Small Enterprises.	1690.41*
2.	Amount due to Material Creditors.	-
3.	Amount due to Other Creditors.	1833.48
	<b>Total</b>	<b>3523.89</b>

\*The above information has been provided as available with the Company to the extent such parties could be identified on the basis of the information available with the Company regarding the status of supplier under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). For complete details about outstanding dues to creditors of our Company, please see website of our Company at [www.dipnapharmachem.com](http://www.dipnapharmachem.com).

Information provided on the website of our Company is not a part of this Letter of Offer and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website: [www.dipnapharmachem.com](http://www.dipnapharmachem.com) would be doing so at their own risk.

### WILFUL DEFAULTER

Our Promoters and Directors have not been identified as a willful defaulter in terms of the SEBI ICDR Regulations as on the date of this Letter of Offer.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Letter of Offer) and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals received from appropriate authorities, we can undertake the offer and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the offer or to continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Letter of Offer.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities. The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out our business.

**Authority for this Issue**

The Issue has been authorized by a resolution of Board of Directors of our Company passed at their meeting held on 18<sup>th</sup> October, 2023 pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

Our Board in its meeting held on 18<sup>th</sup> October, 2023 has approved to issue upto [•] Equity Shares to the Eligible Equity Shareholders on Right Issue basis and then after Rights Issue Committee (authorized by Board) in their meeting held on 18<sup>th</sup> October, 2023 approved issue of Equity Shares on Rights Issue basis at Rs. [•] per Equity Share, in the ratio of [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares as held by Eligible Equity Shareholders on the Record Date i.e. [•]. The Issue Price of [•] per Equity Share has been arrived at prior to determination of the Record Date i.e. [•].

Our Company has received “In-Principle Approval” from BSE Limited vide its letter dated [•] in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in this Issue. Our Company will make application to BSE Limited to obtain its listing and trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [•] for the Rights Entitlements to be credited to the respective Demat accounts of the Equity Shareholders of our Company. For details, see “Terms of the Issue” beginning on page 145 of the Letter of Offer.

**Association of our Directors with Securities Market**

We confirm that none of our Director(s), Promoter(s) or Promoter Group are associated with the Securities Market in any manner except for trading on day to day basis for the purpose of investment.

**Prohibition by SEBI and other Governmental Authorities**

Our Company, our Promoter, our Directors and persons in control of our Company have not been prohibited from accessing the Capital Market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Letter of Offer.

Neither our Promoters, nor any of our Director(s) or persons in control of our Company were or are a promoter, director or person in control of any other Company which is debarred from accessing the Capital Market under any order or directions made by the SEBI or any Securities Market Regulator in any other jurisdiction or any other authority/court. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

None of our Directors or Promoter is associated with the Securities Market in any manner.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

**Prohibition by RBI**

Neither our Company, nor our Promoter and Directors have been categorized or identified as wilful defaulters by any Bank or Financial Institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

**Compliance with Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company and our Promoter are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 to the extent it may be applicable to them as on date of this Letter of Offer.



### **Eligibility for the Issue**

Our Company is a Listed Company incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on BSE Limited (BSE). Our Company undertakes to make an application to BSE Limited (BSE) for listing of the Rights Equity Shares to be issued pursuant to this Issue.

### **Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations, 2018**

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, 2018 to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, 2018, our Company undertakes to make an application to the Stock Exchange and has received the **“In-Principle Approval”** vide its letter dated [•] for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE Limited (BSE) is the Designated Stock Exchange for this Issue.

### **Disclaimer clause of SEBI**

This Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is not exceeding Rs. 5,000.00 Lakhs, however this Letter of Offer will be filed with SEBI for information and dissemination purpose.

### **Disclaimer from our Company and our Directors**

Our Company accept no responsibility for statements made otherwise in the Letter of Offer or in any advertisement or other material issued by our Company or by any other person at the instance of our Company anyone placing reliance on any other source of information would be doing so at his/ her own risk.

Investors who invest in this Issue will be deemed to have represented by our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity shares of our Company, and are relying on independent advice/evaluation as to their ability and quantum of investment in this Issue.

### **Disclaimer in respect of 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 the Issue will be subject to the jurisdiction of the appropriate court(s) in Ahmedabad, Gujarat, India only.

### **Disclaimer clause of BSE**

As required, a copy of this Letter of Offer has been submitted to BSE Limited. The Disclaimer clause as intimated by BSE Limited to us, post scrutiny of this Letter of Offer is set out below:

“BSE Limited (**“the Exchange”**) has given, vide its letter reference no. [•] dated [•] permission to this Company to use the Exchange’s name in this Letter of Offer as the stock exchange on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- (i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- (ii) Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- (iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

Neither the delivery of this Letter of Offer 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 of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

### **Designated Stock Exchange**

The Designated Stock Exchange for the purpose of the Issue is BSE Limited.

### **Listing**

Our Company will apply to BSE Limited for final approval of 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 the Issue will trade after the listing thereof.

### **Selling Restrictions**

This Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

**In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 to achieve Minimum Public Shareholding and RE's shall be issued to eligible equity shareholders as on the Record date i.e. [●].**

**In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 in order to achieve Minimum Public Shareholding. The Copy of this letter of Offer will be dispatch to the eligible equity shareholders as on the Record date i.e. [●].**

The distribution of this Letter of Offer, Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons in to whose possession this Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter may come are required to inform themselves about and serve such restrictions. Our Company is making this Issue on a rights basis to the Eligible Public Equity Shareholders of our Company and will dispatch the Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer has been filed with BSE and will be submitted to SEBI for information and dissemination.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being 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 in part, for any purpose. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Letter of Offer 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 of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

#### **NO OFFER IN THE UNITED STATES**

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY 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 SECURITIES. ACCORDINGLY, LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANYTIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription 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. Envelopes containing an Application Form should not be post marked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may in fringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

#### **NO OFFER IN ANY JURISDICTION OUTSIDE INDIA**

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANYTIME.

### **Consents**

Consents in writing of our Directors, Compliance Officer, Chief Financial Officer, Advisors to the Issue, Statutory Auditor of the Company, Bankers to the Company, Registrar to the Company, Registrar to the Issue and the Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn upto the date of this Letter of Offer.

### **Expert Opinion**

Except for the reports of the Auditor of our Company on the Audited Financial Information and Statement of Tax Benefits, included in the Letter of Offer, our Company has not obtained any expert opinions.

### **Performance vis-a-vis objects – Public / Rights Issue of our Company**

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Letter of Offer.

### **Performance vis-a-vis objects–last issue of listed Subsidiaries or Associates**

As of the date of this Letter of Offer, our Company does not have any Subsidiary or Associate Company.

### **Stock Market data of the Equity shares**

Our Equity Shares are listed and traded on BSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled “**Market Price Information**” on page 133 of this Letter of Offer.

### **Filing**

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees Ten Crores to Rupees Fifty Crores. Since the size of this Issue falls below this threshold, the Letter of Offer has been filed with BSE and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with BSE.

As on the date of this Letter of Offer, there were no outstanding Investor complaints. As mentioned, our Company is registered with the SCORES. Consequently, Investor grievances are tracked online by our Company. The average time taken by the Registrar to the Issue for attending to routine grievances will be within 15 (Fifteen) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

### **Mechanism for redressal of Investor grievances**

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI LODR 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 tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. 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 Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investors may contact the Registrar or our 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 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 Investors along with a photo copy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, see "Terms of the Issue" beginning on page 145. The contact details of Registrar to the Issue and our Compliance Officer are as follows:

Investor Grievances arising out of this Issue Investors may contact the Registrar to the Issue at:

**Registrar to the Issue**

**Bigshare Services Private Limited**

Pinnacle Business Park, Office No S6-2, 6<sup>th</sup>, Mahakali Caves Rd, Next to Ahura Centre, Andheri East, Mumbai, Maharashtra – 400 093

**Tel:** 022 – 6263 8200

**Email:** [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**Contact Person:** Mr. Jibu John

**SEBI Registration No:** INR000001385

Investors may contact the Compliance Officer at the below mentioned address for any pre-issue/post-issue related matters such as non-receipt of Letters of Allotment/share certificates/demat credit/ Refund Orders etc.

Mr. Keyur Shah is Compliance Officer of the Company.

**TERMS OF THE ISSUE**

*This section is for the information of the Eligible Equity Shareholders proposing to apply in this Issue. The Eligible Equity Shareholders 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 is 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. The Eligible Equity Shareholders are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the Eligible Equity Shareholders proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.*

*The Eligible Equity Shareholders are requested to note that application in this issue can only be made through ASBA facility.*

*This Issue is proposed to be undertaken on a rights basis and 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, the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA alongwith rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with 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, SEBI circulars SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 (“**SEBI Rights Issue Circulars**”), our Company will send, only through email, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material to the email addresses of all the Eligible Equity Shareholders who have provided their email address to our Company. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their email addresses to our Company. In case email address of any Eligible Equity Shareholder is not available, our Company will make reasonable efforts to dispatch the Rights Entitlement Letter along with the Abridged Letter of Offer and the Application Form only to the Indian address, if provided, of such Eligible Equity Shareholder.

Shareholders 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 Equity Shares under applicable laws) on the websites of:

- (i) Our Company at <https://dipnapharmachem.com/> ;
- (ii) The Registrar to the Issue at [www.bigshareonline.com](http://www.bigshareonline.com);
- (iii) The Stock Exchange at [www.bseindia.com](http://www.bseindia.com).

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (i.e., [www.bigshareonline.com](http://www.bigshareonline.com)) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., <https://dipnapharmachem.com/>).

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders.

**Please note that neither our Company nor the Registrar to the Issue shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or 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 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 the transit.**

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

## **2. Facilities for Application in this Issue:**

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, and SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 (Collectively hereafter referred to as “**SEBI Rights Issue Circulars**”) and SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (Collectively hereafter referred to as “**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.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 our Company will make use of advertisements etc., including in the form of crawlers / tickers, to disseminate information relating to the Application process in India.

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Shareholders desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Shareholders should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue, on the basis of the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details, on the Rights Entitlements and demat suspense escrow account, see "*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" below.

Please note that, one single Application Form shall be used by Shareholders 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 Shareholders who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Shareholders will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Shareholders are required to submit a separate Application Form for each demat account.

Shareholders may apply for the 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.

Shareholders 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; or

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 see "Grounds for Technical Rejection" below. Our Company, the Registrar to the Issue 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, the Eligible Equity Shareholders may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and 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, see "Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process" below.

#### **Options available to the Eligible Equity Shareholders:**

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at [www.bigshareonline.com](http://www.bigshareonline.com) and link of the same would also be available on the website of our Company at <https://dipnapharmachem.com/>. Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein. The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.



In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) 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 to the Issue or our Company at least two working days prior to the Issue closing date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in Section Terms of the Issue - ***“Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form”*** and ***“Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner”*** on pages 151 and 169 respectively.

#### ***Making of an Application through the ASBA process***

A shareholder, 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. Shareholders desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Shareholders should ensure that they have correctly submitted the Application Form and have provided an authorization 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.

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>

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number 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 bearing reference number 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.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue 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.

#### ***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.

#### ***Acceptance of this Issue***

Investors may accept this Issue and apply for the Rights Equity Shares 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 or using the optional mechanism are liable to be rejected.

***Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “Application on Plain Paper under ASBA process” on page 148.***

***Do's for Shareholders applying through ASBA:***

- a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized 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 Equity Shares (including additional Equity Shares) applied for} X {Application Money of 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 Form 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 Shareholders applying through ASBA:***

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Registrar to the Issue, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), 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.
- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- d) Do not submit Application Form using third party ASBA account.

**Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**

An Eligible Equity Shareholder in India 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 as detailed above. In such cases of non-receipt of the 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 may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the websites of the Registrar to the Issue and Stock Exchanges. 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 Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be titled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

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/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- a) Name of our Company, being Dipna Pharmachem Limited;
- b) 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);
- c) Folio Number (in case of Eligible Equity Share holders who hold Equity Shares in physical form as on Record Date)/ DP and Client ID;
- d) 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 Equity Shares applied for pursuant to this Issue;
- e) Number of Equity Shares held as on Record Date;
- f) Allotment option – only dematerialized form;
- g) Number of Equity Shares entitled to;

- h) Number of Equity Shares applied for within the Rights Entitlements;
- i) Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
- j) Total number of Equity Shares applied for;
- k) Total amount paid at the rate of Rs. [•] per Equity Share;
- l) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
- m) 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;
- n) Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- o) 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); and
- p) All such Eligible Equity Shareholders are deemed to have accepted the following:

*“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“US 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 (“United States”) or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States.”*

*“I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement 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 Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar or any other person acting on behalf of us have reason to believe is a resident of the United States “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.”*

*“I/ We will not offer, sell or otherwise transfer any of the 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 except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.”*

*“I/ We understand and agree that the Rights Entitlement 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 or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.”*

*“I/We acknowledge that the Company, their 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, as applicable, 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 and the Registrar to the Issue not having any liability to the Investors. The plain paper Application form at will be available on the website of the Registrar to the Issue at [www.bigshareonline.com](http://www.bigshareonline.com).

Our Company and the Registrar to the Issue shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Shareholders' ASBA Accounts on or before the Issue Closing Date.

### ***Making of an 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 Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. [•] and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar to the Issue or our Company, in the manner provided on the website of the Registrar to the Issue at [www.bigshareonline.com](http://www.bigshareonline.com) at least two working days prior to the Issue Closing Date i.e. [•], to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date i.e. [•]. They may also communicate with the Registrar to the Issue with the help of the helpline number at +91-44-40020710/ 0706/ 0741 and email address at [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com).

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) 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 the Issue Closing Date, i.e. [•], desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in Section Terms of the Issue-“***Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form***” and “***Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner***” on pages 151 and 169 respectively.

### **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 i.e. [•] 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, e-mail address, contact details, the details of their demat account alongwith copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, 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 i.e. [•];
- 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 atleast one day before the Issue Closing Date i.e. [•];
- c) The Eligible Equity Shareholders can access the Application Form from:
  - the website of the Registrar to the Issue at [www.bigshareonline.com](http://www.bigshareonline.com)
  - our Company at <https://dipnapharmachem.com/> and
  - the Stock Exchange at <https://www.bseindia.com/>.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (i.e., [www.bigshareonline.com](http://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). The link for the same shall also be available on the website of our Company (i.e. <https://dipnapharmachem.com/>);

The Eligible Equity Shareholders shall, who are, (a) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) resident 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 the Issue Closing Date i.e. [•], may apply in this Issue during the Issue Period, on or before the Issue Closing Date i.e. [•]. Such resident Eligible Equity Shareholders may be required to submit address, email address, contact details, copy of PAN and Client Master List, for verification of their Application.

Further, such resident Eligible Equity Shareholder can:

- (a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;
  - (b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part);
- and

- (c) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares.

**PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE I.E. [•] 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.**

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on page 169.

#### **Application for Additional Equity Shares**

Shareholders are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “Basis of Allotment” mentioned below.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares.** Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

#### **General instructions for Investors**

- (a) Please read the Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- (b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) 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 the Issue Closing Date i.e. [•], desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in Section Terms of the Issue - “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on pages 151 and 169 respectively.
- (c) Please read the instructions on the Application Form sent to you.
- (d) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- (e) Application should be made only through the ASBA facility.
- (f) 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 the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “*Application on Plain Paper under ASBA process*” on page 148.
- (h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

- (i) 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.
- (j) Applications should be (i) 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 i.e. [•], (i) 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.
- (k) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar.
- (l) 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.
- (m) 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.
- (n) 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.
- (o) 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.
- (p) 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.
- (q) 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.
- (r) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- (s) 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.
- (t) 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.

**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 and/or Registrar, 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, 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.

**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) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to the Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) 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).
- (j) 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.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors.



- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) 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.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (q) Applicants holding physical shares not submitting the documents. (s) Application from investors who do not hold Rights Entitlement (REs) as on issue closing date in the demat account from which application is submitted.
- (r) Applications supported by amounts blocked from a third party bank account

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 I.E. [•]. 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. 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 email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar 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 or Registrar 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.

#### **Applications by non-resident Shareholders.**

Payment from third party bank accounts.

#### **Multiple Applications**

A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, see "*Investment by Mutual Funds*" below on page 158.



In cases where multiple Applications 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 the Promoters or members of the Promoter Group to meet the minimum subscription requirements applicable to the Issue as described in ***“Capital Structure” on page 42.***

No separate Application Forms for Rights Equity Shares in physical and/or dematerialized form should be made. If such Application Forms are made, the Application Forms for Rights Equity Shares in physical form the Equity Shares will be treated as multiple Application Forms and is liable to be rejected.

#### **Authority for the Issue**

The Issue has been authorized by a resolution of Board of Directors of our Company passed at their meeting held on 18<sup>th</sup> October, 2023 pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

Our Board in its meeting held on 18<sup>th</sup> October, 2023 has approved to issue upto [•] Equity Shares to the Eligible Equity Shareholders on Right Issue basis and then after Rights Issue Committee (authorized by Board) in their meeting held on 18<sup>th</sup> October, 2023 approved issue of Equity Shares on Rights Issue basis at Rs. [•] per Equity Share, in the ratio of [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares as held by Eligible Equity Shareholders on the Record Date. The Issue Price of [•] per Equity Share has been arrived at prior to determination of the Record Date.

Our Company has received “In-Principle Approval” from BSE Limited vide its letter dated [•] in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in this Issue. Our Company will make application to BSE Limited to obtain its listing and trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [•] for the Rights Entitlements to be credited to the respective Demat accounts of the Equity Shareholders of our Company. For details, see ***“Terms of the Issue” beginning on page 145 of the Letter of Offer.***

### 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 investors group (which means multiple entities registered as foreign portfolio Shareholders 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 Shareholders 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 investors group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investors will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue 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 recognised 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:

1. Such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
2. 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.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

### Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

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. Further, 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.

No investment under the FDI route (i.e any investment which would result in the Investors holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the Investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

### 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 and also from NRIs in Restricted Jurisdictions.

NRI may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO accounts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

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 incorporate 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 Shareholders"), 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 Shareholders will also require prior approval of the Government of India and each Shareholder should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Shareholders shall intimate our Company and the Registrar about such approval within the Issue Period.

**NRI can make application in Rights Issue only through ASBA mode. In addition, NRI who is applying in the Rights Issue shall provide their Indian Postal Address to our Company on [dharachem99@yahoo.in](mailto:dharachem99@yahoo.in) or to RTA on [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com) through email or through any mode through courier/registered post. The details of Indian Postal Address should be supported with Utility Bill, Aadhar Card, Bank Statement revealing the Indian Address prior to closing of Rights Issue i.e. [●].**

#### **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 RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) Networth 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.

#### **Payment by stock invest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### **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 maybe 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 Equity Shares hereby offered, as set out in "Basis of Allotment" mentioned below.

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 or such extended time as permitted by the Stock Exchange.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Shareholders 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 applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

### **Disposal of Application and Application Money**

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches 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. 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, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares allotted, will be refunded/unblocked in the respective bank accounts from which Application Money was received/ ASBA Accounts of the Investors 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.

### **Rights Entitlements:**

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], are entitled to the number of Rights Equity Shares as set out in the Application Form at [www.bigshareonline.com](http://www.bigshareonline.com). The link for the same shall also be available on the website of our Company at <https://dipnapharmachem.com/>. Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. [●], have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to communicate with the Registrar to the Issue in the manner provided on their website i.e. [www.bigshareonline.com](http://www.bigshareonline.com). They may also communicate with the Registrar with the help of the helpline number at +91-44-40020710/ 0706/ 0741 and its email address at [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. [●].

**In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 to achieve Minimum Public Shareholding and RE's shall be issued to eligible equity shareholders as on the Record date i.e. [●].**

**In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 in order to achieve Minimum Public Shareholding. The Copy of this letter of Offer will be dispatch to the eligible equity shareholders as on the Record date i.e. [●].**

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to email addresses of Eligible Equity Shareholders who have provided an email address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Letter of Offer will be provided, only through email, by the Registrar to the Issue on behalf of our Company to the Eligible Equity Shareholders who have provided their email addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar to the Issue and our Company through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity

Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer will be filed with the Stock Exchange and submitted with SEBI for information and dissemination. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (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 and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders. However, our Company and the Registrar to the Issue will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

#### ***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 dematerialized form only. Prior to the Issue Opening Date i.e. [●], 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 (namely, [●]) 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 or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; 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. Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN 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 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.

#### ***RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT***

##### ***Renouncees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall, unless otherwise specified, apply to the Renouncee(s) as well.

### ***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 favor 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 Exchanges or through an off-market transfer.

### ***Applications by Overseas Corporate Bodies***

By virtue of the 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 OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

### ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders 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 (**the "On Market Renunciation"**); or (b) through an off-market transfer (**the "Off Market Renunciation"**), during the Renunciation Period. The Shareholders 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.

Shareholders may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Shareholders 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.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Shareholders on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

***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 Shareholders / Investors.***

#### **(a) On Market Renunciation**

The Eligible Equity Shareholders 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 Circulars, 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. Prior to the Issue Opening Date i.e. [•], our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. 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 dematerialized form only. The market lot for trading of Rights Entitlements is 1 (One) Share. To clarify further, fractional entitlements are not eligible for trading.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Shareholders 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 trade. The Shareholders 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 stock-broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

#### **(b) Off Market Renunciation**

The Eligible Equity Shareholders 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 Renouncees on or prior to the Issue Closing Date i.e. [●], to enable Renouncees to subscribe to the Equity Shares in the Issue.

The Shareholders 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 Shareholders 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.

### ***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 the ASBA facility, the Shareholders agree to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Shareholders's ASBA Account. 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 Shareholders 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 for this Letter of Offer. 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(s) 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 finalization 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.

In terms of RBI Circular DBOD No. FSCBC42/24.47.00/2003-04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### **Mode of payment for Resident Shareholders**

All payments on the Application Forms shall be made only through ASBA facility or internet banking. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking.



## Mode of payment for Non-Resident Shareholders

As regards the Application by non-resident Shareholders, 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:

- 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 or our Company.

*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 email addresses if they have provided their email address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case, who make a request in this regard. Non-Resident Investors shall send their Right Entitlement credit request with ID proof to the Registrar to the Issue at [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com).*

- 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.
- 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.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the 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 letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

## BASIS FOR THIS ISSUE AND TERMS OF 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 dematerialized 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 i.e. [●] decided in consultation with the Designated Stock Exchange, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

## PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER THIS ISSUE

### Face Value

*Each Rights Equity Share will have the face value of Rs. 10.00/- per share.*

### Issue Price

Each Rights Equity Share is being offered at a price of Rs. [●] per Rights Equity Share (including share premium of Rs. [●] per Rights Equity Share), in the Issue.

The Issue Price has been arrived at by our Company prior to the determination of the Record Date i.e. [●]. The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations. The Board of Directors at its meeting held on [●] has determined and approved the Issue Price.

### Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Fully Paid-up Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [●]. The Board of Directors at its meeting held on [●] has determined and approved the Rights Entitlement Ratio.



### ***Rights of instrument holder***

Each Rights Equity Share shall rank pari passu with the existing Equity Shares of the Company.

### ***Fractional Entitlements***

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] fully paid-up Equity Shares held by the eligible equity shareholders of our Company on the Record Date i.e. [●]. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.

Also, those Equity Shareholders holding less than [●] Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of 1 (One) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. **Application Forms with zero entitlement will be non-negotiable/non-renounceable.**

### ***Ranking***

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and allotted pursuant to the Issue shall rank pari passu with the existing Equity Shares of our Company, in all respects including dividends.

### ***Mode of payment of dividend***

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

### ***Listing and trading of the Equity Shares to be issued pursuant to this Issue***

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the 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 Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 543594) under the ISIN: INE0MC401013. The 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 Exchange. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the 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 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 Exchange, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt to intimation from the Stock Exchanges, rejecting the application for listing of the 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 Promoter and members of the Promoter Group***

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see "**Capital Structure – Intention and extent of participation by our Promoter**" on page no. 43.

### ***Compliance with SEBI (ICDR) Regulations***

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### ***Rights of the Rights Equity Shareholders***

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right to free transferability of Rights Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

### ***General Terms of the Issue***

#### ***Market Lot***

The Equity Shares of our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. To clarify further, fractional entitlements are not eligible for trading.

#### ***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 Equity Shares offered in this Issue.

#### ***Nomination***

Nomination facility is available in respect of the 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. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

**Since the Allotment is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Shareholders would prevail. Any Shareholder 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 Equity Shares shall be traded in dematerialized form only. The market lot for trading of Rights Entitlements shall be One Equity Share.

#### ***New Financial Instruments***

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

### ***Restrictions on transfer and transmission of shares and on their consolidation/ splitting***

There are no restrictions on transfer and transmission and on their consolidation/ splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository.

### ***Notices***

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their email addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case, who make a request in this regard.

Further, our Company will undertake all adequate steps to dispatch the physical copies of the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, However, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

All statutory notices, required by applicable laws, to the Eligible Equity Shareholders required to be given by our Company shall be published in 1 (One) English language national daily newspaper with wide circulation, 1 (One) Hindi language national daily newspaper with wide circulation and 1 (One) Gujarati (Regional) daily newspaper with wide circulation at the place where our Registered Office is situated i.e. Ahmedabad, Gujarat.

### ***Offer to Non-Resident Eligible Equity Shareholders / Shareholders***

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by 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 Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/letters of Allotment/Allotment advice. If a non-resident or NRI Shareholders has specific approval from RBI or any other governmental authority, 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](mailto:rightsissue@bigshareonline.com). It will be the sole responsibility of the Shareholders 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 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 only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Letter Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The 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 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.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been de-recognized as an eligible class of Shareholders and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Shareholder 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 the Registrar and our Company by submitting the irrespective copies of self-attested proof of address, passport, etc. at [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)

## **ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM**

**PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH SHAREHOLDERS ON THE RECORD DATE. FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/UNBLOCKING OF ASBA ACCOUNTS" AS MENTIONED ON PAGE NO. 168**

### **Underwriting**

The Issue is not underwritten.

### **Issue Schedule**

Last date for credit of Rights entitlements	[•]
Issue opening date	[•]
Last Date on Market Renunciation of Rights/ Date of closure of trading of Rights Entitlements <sup>#</sup>	[•]
Issue Closing Date*	[•]
Finalising the basis of allotment with the Designated Stock Exchange (on or about)	[•]
Date of Allotment (on or about)	[•]
Date of Credit (on or about)	[•]
Date of Listing (on or about)	[•]

<sup>#</sup>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.

\*\*Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. [•], 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, atleast one day before the Issue Closing Date i.e., [•].

### **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 Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for 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 Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of 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 Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional 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 Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such 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 Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such 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, subject to applicable laws, 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 Shareholders who have been allocated Equity Shares in this Issue, along with:

- i) 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;
- ii) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- iii) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

#### ***ALLOTMENT ADVICE OR REFUND / UNBLOCKING OF ASBA ACCOUNTS***

Our Company will issue and dispatch Allotment advice, refund instructions (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date i.e. [•]. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("RTGS").

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date i.e. [•].

The letter of allotment or refund order would be sent by permitted mode i.e. email, registered post or speed post to the sole/ first Investor's address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

## **Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner**

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date i.e., [•], have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two working days prior to the Issue Closing Date i.e. [•], the Registrar shall reject the application and will refund the application amount.

### ***PAYMENT OF REFUND***

#### **Mode of making refunds**

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

#### ***Unblocking amounts blocked using ASBA facility.***

**NACH–National Automated Clearing House** is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is other wise disclosed as eligible to get refunds through NEFT or Direct Creditor RTGS.

**National Electronic Fund Transfer ("NEFT")** – Payment of refund shall be undertaken through NEFT wherever the Shareholders' bank has been assigned the Indian Financial System Code ("IFSC Code"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Shareholders through this method.

**Direct Credit** – Shareholders having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

**RTGS**– If the fund amount exceeds Rs. 2,00,000/- the Shareholders have the option to receive refund through RTGS. Such eligible Shareholders who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investors.

For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demands drawn in favour of the sole/first Shareholders and payable at par.

Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

#### **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.

#### **Printing of Bank Particulars on Refund Orders**

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

## ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

### Receipt of the Equity Shares in Dematerialized Form

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.

### Option to receive Right Equity Shares in Dematerialised Form

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED 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 (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 IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED / REVERSED / FAILED.**

Investors shall be allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement with NSDL and with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized 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 DEMATERIALIZED FORM.***

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialized form is as under:

- a) 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 Shareholders having various folios in our Company with different joint holders, the Shareholders will have to open separate accounts for such holdings. Those Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
- b) It should be ensured that the depository account is in the name(s) of the Shareholders and the names are in the same order as in the records of our Company or the Depositories.
- c) The responsibility for correctness of information filled in the Application Form *vis-à-vis* such information with the Shareholder's depository participant, would rest with the Shareholders. Shareholders should ensure that the names of the Shareholders and the order in which they appear in Application Form should be the same as registered with the Shareholder's depository participant.
- d) If in complete or incorrect beneficiary account details are given in the Application Form, the Shareholders will not get any Equity Shares and the Application Form will be rejected.
- e) The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form / with IEPF authority / in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail 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 Equity Shares to the Applicant's depository account.
- f) Non-transferable Allotment advice / refund intimation will be directly sent to the Shareholders by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.
- g) Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- h) Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

**Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two working days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in Section Terms of the Issue-“Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form” on pages 151 and 169 respectively.**

### **IMPERSONATION**

As a matter of abundant caution, attention of the Shareholders is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

*"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or 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 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, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

### **UTILISATION OF ISSUE PROCEEDS**

Our Board declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

### **UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

- i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- iii) 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.
- iv) 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.
- v) No further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
- vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.



- x) Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

### **MINIMUM SUBSCRIPTION**

In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 90% of the Issue Size, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are “officers in defaults” shall pay interest for the delayed period, at such rates as prescribed under the applicable laws.

### **WITHDRAWAL OF THE ISSUE**

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date, a public notice within 2 (Two) working days of the Issue Closing Date i.e. [•], or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchanges will also be informed promptly.

The Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within 1 (One) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchanges.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchanges where the Equity Shares may be proposed to be listed.

### **SHAREHOLDERS GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS**

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. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “**Risk Factors**” on page 24.
2. All enquiries in connection with the Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP 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 [•], on the envelope to the Registrar at the following address:

*Email id: [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)*

*Registered Address: Pinnacle Business Park, Office No S6-2, 6th, Mahakali Caves Rd, Next to Ahura Centre, Andheri East, Mumbai, Maharashtra 400093*

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/electronic dedicated Investor’s helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar at [www.bigshareonline.com](http://www.bigshareonline.com). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is at +91-44-40020710/0706/0741).
4. The Shareholders can visit following links for the below-mentioned purposes:
  - Frequently asked questions and online/electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders: [www.bigshareonline.com](http://www.bigshareonline.com)
  - Updation of Indian address/e-mail address/phone or mobile number in the records maintained by the Registrar at [www.bigshareonline.com](http://www.bigshareonline.com) or our Company at <https://dipnapharmachem.com/>

- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form at [www.bigshareonline.com](http://www.bigshareonline.com)
- Submission of self-attested PAN, client mastersheet and demat account details by non-resident Eligible Equity Shareholders at [www.bigshareonline.com](http://www.bigshareonline.com)

This Issue will remain open for a minimum [•] days. However, our Board 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 Closing Date).

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy upto any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("FDI") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion)("DPIIT"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Circular 2020**"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectorial limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Our Company will not be responsible for any allotments made by relying on such approvals. Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and 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. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants/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 Equity Shares applied for do not exceed the applicable limits under laws or regulations.

**MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before 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 the documents for inspection referred to hereunder, would be available at the Registered Office of the Company from the date of this Letter of Offer until the Issue Closing Date.

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 reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

**A. MATERIAL CONTRACTS**

1. Registrar Agreement dated July 01, 2022 between our Company and the Registrar to the Issue.
2. Escrow Agreement dated "[•]" amongst our Company, the Registrar to the Issue and the Bankers to the Issue.
3. Tripartite Agreement dated June 21, 2022 amongst our Company, NSDL and the Registrar.
4. Tripartite Agreement dated July 01, 2022 amongst our Company, CSDL and the Registrar.

**B. DOCUMENTS FOR INSPECTION**

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation dated July 19, 2011.
3. Fresh certificate of incorporation consequent upon change of name dated March 29, 2012.
4. Fresh certificate of incorporation consequent upon conversion from Private Company to Public Company dated May 25, 2022.
5. Annual Reports of the Company for the year ended on March 31, 2023, 2022, 2021, 2020 and 2019 and Financial Results along with Limited Review Report for the half year ended on September 30, 2023.
6. Resolution of the Board of Directors dated 18<sup>th</sup> October, 2023 in relation to the Issue and other related matters.
7. Consents of our Directors, Compliance Officer, Chief Financial Officer, Advisors to the Issue, Statutory Auditor of the Company, Bankers to the Company, Registrar to the Company, Registrar to the Issue and the Bankers to the Issue to include their names in this Letter of Offer and to act in their respective capacities.
8. Statement of Tax Benefits dated 18<sup>th</sup> October, 2023 from the Statutory Auditor included in this Letter of Offer.
9. In-Principle approval dated [•] issued by BSE Limited.

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 reference to the shareholders subject to compliance with applicable law.

## SECTION XI - DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 1956/ 2013 and the rules made thereunder. We further certify that all the legal requirements connected with the Issue and the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTORS OF OUR COMPANY**

**Sd/-**

Keyur Dipakkumar Shah  
(Managing Director)  
DIN: 03167258

**Sd/-**

Dipna Keyur Shah  
(Director)  
DIN: 02507462

**Sd/-**

Nandish Jani  
(Independent Director)  
DIN: 09565657

**Sd/-**

Jitendra Pradipbhai Parmar  
(Independent Director)  
DIN: 09699769

### **SIGNED BY THE KEY MANAGERIAL PERSONNEL(S) OF OUR COMPANY**

**Sd/-**

Keyur Nitinbhai Parmar  
(Chief Financial Officer)

**Date:** 18<sup>th</sup> October, 2023

**Place:** Ahmedabad