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DRAFT RED HERRING PROSPECTUS

Dated: December 27, 2023

Please read Section 32 of the Companies Act, 2013

(This Draft Red Herring Prospectus will be updated upon filing with the RoC)

100% Book Built Issue



DIFFUSION ENGINEERS LIMITED

Corporate Identity Number: U99999MH2000PLC124154

REGISTERED OFFICE	CONTACT PERSON	EMAIL AND TELEPHONE	WEBSITE
T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra	Chanchal Jaiswal <i>Company Secretary and Compliance Officer</i>	Email: cs@diffusionengineers.com Telephone: +91 9158317943	www.diffusionengineers.com

THE PROMOTERS OF OUR COMPANY ARE PRASHANT GARG, DR. NITIN GARG AND CHITRA GARG

DETAILS OF THE ISSUE TO THE PUBLIC

Type	Fresh Issue Size	Size of the Issue for Sale	Total of the Issue Size	Eligibility and Share Reservation Among QIBs, NIIs, & RIIS
Fresh Issue	Up to 9,847,000 Equity Shares of face value ₹10/- each aggregating up to ₹ [●] million	Not applicable	Up to ₹ [●] million	The Issue is being made pursuant to Regulation 6(1) of the SEBI ICDR Regulations. For details, see “Other Regulatory and Statutory Disclosures – Eligibility for the Issue” on page 378. For further details in relation to share reservation among QIBs, NIIs, RIBs, see “Issue Structure” on page 399.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10. The Floor Price, Cap Price and the Issue Price, to be determined by our Company in consultation with the Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under “Basis for Issue Price” on page 146 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to “Risk Factors” on page 37.

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this offer document contains all information with regard to the our Company and the Issue, which is material in the context of the Issue, that the information contained in this offer document 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 offer document 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 to be issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited and National Stock Exchange of India Limited. For the purposes of the Issue, [●] is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER

Name	Contact person	Email and Telephone
 Unistone Capital Private Limited	Brijesh Parekh	Tel: +91 9820057533 E-mail: mb@unistonecapital.com

REGISTRAR TO THE ISSUE

Name of the Registrar	Contact Person	Email and Telephone
 Bigshare Services Private Limited	Babu Rapheal C.	Telephone: +91 22-6263 8200 E-mail: ipo@bigshareonline.com

BID/ ISSUE PERIOD

ANCHOR INVESTOR ISSUE OPENS/ CLOSES ON	[●]*	BID/ ISSUE OPENS ON	[●]	BID/ ISSUE CLOSES ON#	[●]**

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

** UPI mandate end time and date shall be at 5.00 p.m. on the Bid/Issue Closing Date.



Our Company was incorporated under the provisions of the Companies Act, 1956 with the name “Diffusion Engineers Private Limited” pursuant to certificate of incorporation dated November 05, 1982 issued by Registrar of Companies, Maharashtra. Further, pursuant to resolutions passed by our Board of Directors at its meeting held on May 06, 1995 and by our Shareholders at the extra-ordinary general meeting held on May 17, 1995, our Company was converted into a public limited company. Consequently, our name was changed to “Diffusion Engineers Limited” and a fresh Certificate of Incorporation dated July 03, 1995, was been issued by the Registrar of Companies, Karnataka at Bangalore. For details in relation to the change in our Registered Office of our Company, see “History and Certain Corporate Matters” beginning on page 252.

Registered Office: T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra;

Telephone: +91 9158317943;

Contact Person: Chanchal Rajesh Jaiswal, Company Secretary and Compliance Officer;

E-mail: cs@diffusionengineers.com; **Website:** www.diffusionengineers.com

Corporate Identity Number: U99999MH2000PLC124154

PROMOTERS OF THE COMPANY: PRASHANT GARG, DR. NITIN GARG AND CHITRA GARG

INITIAL PUBLIC OFFER OF UP TO 9,847,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (“EQUITY SHARES”) OF DIFFUSION ENGINEERS LIMITED (“COMPANY OR “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (“ISSUE PRICE”) AGGREGATING UP TO ₹ [●] MILLION (“ISSUE”). THE ISSUE SHALL CONSTITUTE [●]% OF THE FULLY-DILUTED POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED IN ALL EDITIONS OF [●] AND ALL EDITIONS OF [●] (WHICH ARE WIDELY CIRCULATED ENGLISH DAILY NEWSPAPER AND HINDI DAILY NEWSPAPER, AND [●] EDITIONS OF THE MARATHI REGIONAL NEWSPAPER (MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED (“BSE”) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”), AND TOGETHER WITH BSE, THE “STOCK EXCHANGES”) FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”).

In case of any revision to the Price Band, the Bid/ Issue Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/ Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company, in consultation with the Book Running Lead Manager, may for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Manager and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks (“SCSBs”), other Designated Intermediaries and the Sponsor Bank, as applicable.

The Issue is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (“SCRR”) read with Regulation 31 of the SEBI ICDR Regulations. The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIB Portion”), provided that our Company, in consultation with the Book Running Lead Manager, may allocate up to 60% of the QIB Portion to Anchor Investors and the basis of such allocation will be on a discretionary basis by our Company, in consultation with the BRLM, in accordance with the SEBI ICDR Regulations (the “Anchor Investor Portion”), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors (“Anchor Investor Allocation Price”). In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (other than the Anchor Investor Portion) (the “Net QIB Portion”). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation to NIIIs (“Non-Institutional Category”) of which one-third of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹0.20 million and up to ₹1.00 million and two-thirds of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹1.00 million and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Further, not less than 35% of the Issue shall be available for allocation to RIIs (“Retail Category”), in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price. All Bidders (except Anchor Investors) shall mandatorily participate in this Issue only through the Application Supported by Blocked Amount (“ASBA”) process and shall provide details of their respective bank account (including UPI ID (defined hereinafter) in case of UPI Bidders (defined hereinafter) in which the Bid Amount will be blocked by the Self Certified Syndicate Banks (“SCSBs”) or the Sponsor Bank(s), as the case may be. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see “Issue Procedure” on page 403.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of each Equity Share is ₹ 10. The Floor Price, Cap Price and Issue Price to be determined and justified by our Company in consultation with the Book Running Lead Manager, in accordance with the SEBI ICDR Regulations, and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in “Basis for Issue Price” beginning on page 146 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and Bidders should not invest any funds in the 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 the Issue. For taking an investment decision, Bidders must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue 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 Draft Red Herring Prospectus. Specific attention of the Bidders is invited to “Risk Factors” beginning on page 37.

COMPANY’S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares to be issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received ‘in-principle’ approvals from BSE Limited and National Stock Exchange of India Limited for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be delivered to the Registrar of Companies, Maharashtra at Mumbai (“RoC”) for filing in accordance under Section 26(4) and Section 32 of the Companies Act. For details of the material contracts and documents available for inspection from the date of this Draft Red Herring Prospectus up to the Bid/ Issue Closing Date, see “Material Contracts and Documents for Inspection” beginning on page 478.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
 UNISTONE	
UNISTONE CAPITAL PRIVATE LIMITED A/ 305, Dynasty Business Park, Andheri-Kurla Road, Andheri East, Mumbai – 400 059, India. Telephone: +91 9820057533 Email: mb@unistonecapital.com Investor grievance email: compliance@unistonecapital.com Contact Person: Brijesh Parekh Website: www.unistonecapital.com SEBI registration number: INM000012449 CIN: U65999MH2019PTC330850	BIGSHARE SERVICES PRIVATE LIMITED S6-2, 6 th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai –400 093, Maharashtra, India. Telephone: 022-62638200 Facsimile: 022-63638280 Email: ipo@bigshareonline.com ; Investor grievance email: investor@bigshareonline.com Contact Person: Babu Rapheal C. Website: www.bigshareonline.com SEBI Registration Number: INR000001385 CIN: U99999MH1994PTC076534U

BID/ ISSUE PROGRAMME

ANCHOR INVESTOR BID/ ISSUE PERIOD	[●]*	BID/ ISSUE OPENS ON	[●]	BID/ ISSUE CLOSING ON	[●]**

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

** UPI mandate end time and date shall be 5.00 p.m. on the Bid/Issue Closing Date.

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SECTION I –GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented or re-enacted from time to time, and any reference to a statutory provision shall include any subordinate legislation framed from time to time under that provision.

In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations framed thereunder. Notwithstanding the foregoing, the terms used in “Industry Overview”, “Key Regulations and Policies”, “Statement of Possible Special Tax Benefits”, “Restated Consolidated Financial Statements”, “Basis for Issue Price”, “Outstanding Litigation and Material Developments”, “Issue Procedure” and “Main Provisions of Articles of Association” beginning on pages 180, 247, 174, 296, 146, 365, 403 and 429 respectively shall have the meaning ascribed to them in the relevant section.

General Terms

Term	Description
“our Company” or “the Company” or “the Issuer” or “DEL”	Diffusion Engineers Limited, a public limited company incorporated under the Companies Act and having its registered office at T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company

Company Related Terms

Term	Description
“Articles of Association” or “AoA” or “Articles”	Articles of association of our Company, as amended
Audit Committee	Audit committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, the SEBI Listing Regulations and as described in “Our Management” on page 265
“Auditors” or “Statutory Auditors”	M/s. PGS & Associates, the statutory auditors of our Company
“Board” or “Board of Directors”	Board of directors of our Company, as constituted from time to time
“Chairman and Managing Director” or “CMD”	The Chairman and Managing Director of our Company, Prashant Garg. For further details, see “Our Management” on page 265.
Chief Financial Officer/ CFO	Chief financial officer of our Company, Abhishek Mehta. For further details, see “Our Management” on page 265.

Term	Description
Company Secretary and Compliance Officer	Company Secretary and compliance officer of our Company, Chanchal Jaiswal. For further details, see “ <i>Our Management</i> ” on page 265.
CRISIL Report	The Industry Report titled “ <i>Assessment of welding consumables, wear plates and Heavy engineering equipment market in India</i> ” dated December 2023 prepared and issued by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited, which has been commissioned and paid for by our Company exclusively in connection with the Issue
Director(s)	Director(s) on our Board
Equity Shares	Equity shares of face value of ₹10/- each of our Company
Executive Director(s)	Executive director(s) on our Board
Group Companies	Our group companies as disclosed in “Our Group Companies” on page 292.
Independent Director(s)	An Independent director(s) appointed in accordance with the Companies Act and the SEBI Listing Regulations on our Board. For details of the Independent Directors, see “ <i>Our Management</i> ” on page 265.
“Key Managerial Personnel” or “KMP”	Key managerial personnel of our Company shall have the meaning as set out under Regulation 2(1)(bb) of the SEBI ICDR Regulations and in terms of the section 2(51) of the Companies Act as described in “ <i>Our Management – Key Managerial Personnel</i> ” on page 283 of this DRHP
KPI(s)	Key Performance Indicator(s)
Materiality Policy	The materiality policy adopted by our Board on December 13, 2023, for identification of (a) Group Companies; (b) material outstanding litigations; and (c) outstanding dues to material creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus
“Memorandum of Association” or “MoA”	Memorandum of Association of our Company, as amended
Nomination and Remuneration Committee	Nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, the SEBI Listing Regulations and as described in “ <i>Our Management</i> ” on page 265
Non-Executive Director	Non-Executive Director(s) on our Board appointed as per the Companies Act and the SEBI Listing Regulations as described in “ <i>Our Management</i> ” on page 265
Promoters	The promoters of our Company namely, Prashant Garg, Dr. Nitin Garg and Chitra Garg. For details, see “ <i>Our Promoter and Promoter Group</i> ” on page 286
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in “ <i>Our Promoter and Promoter Group</i> ” on page 286
Proposed Expansion	Our proposed expansion at Khasra No. 36, 37, 38/1, 38/2, 38/3, Khapri (Uma), Nagpur- 441 501, Maharashtra
Proposed Facility	Our proposed facility at Plot Nos. 33-B/1/1/ & 33-B/1/1/Part, MIDC, Hingna, Sonegaon District, Nagpur – 440 016, Maharashtra, India
Registered Office	The registered office of our Company situated at T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra

Term	Description
“Registrar of Companies” or “RoC”	Registrar of Companies, Maharashtra at Mumbai
Restated Consolidated Financial Statements	The restated consolidated financial statement of our Company as at and for the three months period ended June 30, 2023 and Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021, comprise of the restated consolidated statement of assets and liabilities as at June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of cash flows, the restated statement of changes in equity for the three months period ended June 30, 2023, and years ended March 31, 2023, March 31, 2022 and March 31, 2021, the statement of significant accounting policies and other explanatory notes thereon, derived from the audited Ind AS financial statements for the year ended March 31, 2023 and March 31, 2022; special purpose consolidated financial statements as at and for the year ended March 31, 2022, for the year ended March 31, 2021 and for the year ended March 31, 2020 and, together with the annexures and notes thereto prepared in accordance with Ind AS and restated in accordance with requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI.
Shareholders	Equity Shareholders of our Company from time to time
Senior Management Personnel/ SMP	Senior management personnel of our Company in terms of the SEBI ICDR Regulations and as disclosed in “ <i>Our Management – Senior Management</i> ” on page 283.
Stakeholders’ Relationship Committee	Stakeholders’ relationship committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and the SEBI Listing Regulations and as described in “ <i>Our Management</i> ” on page 265.
Subsidiaries	The subsidiaries of our Company as on the date of this Draft Red Herring Prospectus, as disclosed in “<i>Our Subsidiaries</i>” on page 260. For the purpose of financial information included in this Draft Red Herring Prospectus, “subsidiaries” would mean subsidiaries of our Company as at and for the relevant period/ Financial Year
“Unit I”	Our manufacturing facility situated at T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra
“Unit II”	Our manufacturing facility at N-78, N-79, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra
“Unit III”	Our manufacturing facility at T-12, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra
“Unit IV”	Our manufacturing facility at Khasra No. 35, 36, 38/1, 38/2, 38/3, Khapri (Uma), Nagpur- 441 501, Maharashtra
“Units”	Our manufacturing facilities situated at: - T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra - T-12, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra

Term	Description
	c. N-78, N-79, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra d. Khasra No. 35, 36, 38/1, 38/2, 38/3, Khapri (Uma), Nagpur– 441 501, Maharashtra, India.

Issue Related Terms

Term	Description
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by SEBI in this behalf
Acknowledgement Slip	The slip or document issued by the relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
“Allot” or “Allotment” or “Allotted”	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Issue of Equity shares to the successful applicants
Allotment Advice	A note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who had Bid for an amount of at least ₹100 Million
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Promoters, in consultation with the Book Running Lead Manager during the Anchor Investor Bid/ Issue Period
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Bid/ Issue Period	One Working Day prior to the Bid/ Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed
Anchor Investor Issue Price	The final price at which Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price, but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company in consultation with the Book Running Lead Manager
Anchor Investor Pay-In Date	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Issue Price, not later than two Working Days after the Bid/Issue Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion, which may be allocated by our Company in consultation with the Book Running Lead Manager, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations.

Term	Description
	One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
Application Supported by Blocked Amount or “ASBA”	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the ASBA Account and includes applications made by RIBs using the UPI Mechanism where the Bid Amount was blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of an RIB which was blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, which shall be used by ASBA Bidders to submit Bids and shall be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Issue	Collectively, Escrow Collection Bank(s), Public Issue Bank(s), Sponsor Bank(s) and Refund Bank(s), as the case may be
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Issue as described in “ <i>Issue Procedure</i> ” beginning on page 403
Bid	An indication to make an offer during the Bid/ Issue Period by a Bidder (other than an Anchor Investor) pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Issue Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid.
Bid cum Application Form	Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Issue Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be notified in all [●] editions of [●], (a widely circulated English national daily newspaper), all [●] editions of [●], (a widely circulated Hindi national daily newspaper), , and all [●] editions of [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of Maharashtra where our Registered Office is located). In case of any revisions, the extended Bid/Issue Closing Date shall also be notified on the websites

Term	Description
	and terminals of the members of the Syndicate, as required under the SEBI ICDR Regulations and communicated to the Designated Intermediaries and the Sponsor Bank. Our Company, in consultation with the Book Running Lead Manager, may consider closing the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Issue Closing Date shall also be notified on the websites of the Book Running Lead Manager and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/ Issue Opening Date will be published, as required under the SEBI ICDR Regulations
Bid/ Issue Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in all [●] editions of [●], an English national daily newspaper, [●] editions of [●], a Hindi national daily newspaper, and all [●] editions of the Marathi regional newspaper (Marathi being the regional language of Maharashtra), where our Registered Office is located, each with wide circulation
Bid/ Issue Period	Except in relation to Anchor Investors, the period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations, provided that such period shall be kept open for a minimum of three Working Days. Our Company in consultation with the Book Running Lead Manager, may consider closing the Bid/ Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations
Bidder/ Applicant	Any investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	The centres at which the Designated Intermediaries accepted the Bid cum Application Forms, i.e. Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Issue is being made
“Book Running Lead Manager” or “BRLM” or “Lead Manager”	The book running lead manager to the Issue namely, Unistone Capital Private Limited
Broker Centres	The broker centres notified by the Stock Exchanges where Bidders could submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)

Term	Description
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who will be allocated the Equity Shares, on or after the Anchor Investor Bid/ Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price will not be finalised and above which no Bids will be accepted. The Cap Price shall be at least 105% of the Floor Price and shall not be more than 120% of the Floor Price.
Cash Escrow and Sponsor Bank Agreement	Agreement dated [●] entered amongst our Company, the Book Running Lead Manager, the Banker(s) to the Issue and Registrar to the Issue for, inter alia, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Issue Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Client ID	The client identification number maintained with one of the Depositories in relation to demat account
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) as per the list available on the websites of BSE and NSE, as updated from time to time
Collecting Registrar and Share Transfer Agents / CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and of the SEBI UPI Circulars
Cut-off Price	The Issue Price, finalised by our Company in consultation with the Book Running Lead Manager, which shall be any price within the Price Band. Only Retail Individual Bidders Bidding in the Retail Portion are entitled to Bid at the Cut-off Price. QIBs (including the Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut- off Price
Demographic Details	Details of the Bidders including the Bidders’ address, name of the Bidders’ father/ husband, investor status, occupation, bank account details and UPI ID, wherever applicable
Designated Branches	Such branches of the SCSBs which collected the ASBA Forms, a list of which was available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which funds from the Escrow Account(s) are transferred to the Public Issue Account(s) or the Refund Account(s), as appropriate, and the relevant amounts blocked in the ASBA Accounts are transferred to the Public Issue Account(s) and/ or are unblocked, as applicable, in terms of the Red Herring Prospectus and Prospectus, after finalization of the Basis of

Term	Description
	Allotment in consultation with the Designated Stock Exchange, following which the Equity Shares may be Allotted to successful Bidders in the Issue
Designated Intermediary(ies)	In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/ agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders could submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
“Draft Red Herring Prospectus” or “DRHP”	This draft red herring prospectus dated December 27, 2023 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue, including any addenda or corrigenda thereto
Eligible FPI(s)	FPI(s) that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares
Escrow Account(s)	The account(s) to be opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/ direct credit/ NEFT/ RTGS in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	Bank(s) which are clearing member(s) and registered with SEBI as banker(s) to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account(s) will be opened, in this case being [●]
First Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	Lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Issue Price and

Term	Description
	the Anchor Investor Issue Price will be finalized and below which no Bids will be accepted
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
“General Information Document” or “GID”	The General Information Document for investing in public issues, prepared and issued by SEBI, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the SEBI circular no. SEBI / HO / CFD / DIL2 /CIR/P/ 2020/50 dated March 30, 2020, and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLM
Issue/ Issue	The initial public issue of up to 9,847,000 Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ [●]/- each (including a share premium of ₹ [●]/- per Equity Share), aggregating up to ₹ [●] million by our Company
Issue Agreement	The issue agreement dated December 22, 2023 entered into between our Company and the Book Running Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Price	₹ [●] per Equity Share, being the final price within the Price Band, at which Equity Shares will be Allotted to successful Bidders, other than Anchor Investors, as determined in accordance with the Book Building Process and determined by our Company, in consultation with the Book Running Lead Manager, in terms of the Red Herring Prospectus on the Pricing Date. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company, in consultation with the BRLM on the Pricing Date, in accordance with the Book Building Process and in terms of the Red Herring Prospectus.
Issue Proceeds	The proceeds of the Issue which shall be available to our Company
Monitoring Agency	[●]
Monitoring Agency Agreement	Agreement dated [●], entered between our Company and the Monitoring Agency.
Mutual Fund Portion	5% of the Net QIB Portion, or [●] Equity Shares which shall be made available for allocation to Mutual Funds only, subject to valid Bids having been received at or above the Issue Price
Net Proceeds	Proceeds of the Issue less the Issue expenses. For further details regarding the use of the Net Proceeds and the Issue expenses, see “ <i>Objects of the Issue</i> ” beginning on page 146
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allocated to the Anchor Investors
“Non-Institutional Bidders” or “Non-Institutional Investors” or “NIBs” or “NIIs”	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000/- (but not including NRIs other than Eligible NRIs)

Term	Description
Non-Institutional Portion	Portion of the Issue being not less than 15% of the Issue consisting of [●] Equity Shares which will be made available for allocation on a proportionate basis to Non-Institutional Investors, of which one-third shall be available for allocation to Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million and two-thirds shall be available for allocation to Bidders with an application size of more than ₹1.00 million provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors, subject to valid Bids having been received at or above the Issue Price
“Non-Resident”/ “NR”	Person resident outside India, as defined under FEMA and includes a non-resident Indian, FVCIs and FPIs
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including any revisions thereof. The Cap Price shall be at least 105% of the Floor Price. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the Book Running Lead Manager, and will be advertised, at least two Working Days prior to the Bid/Issue Opening Date, in all editions of [●], the English national daily newspaper, all editions of [●], the Hindi national daily newspaper and all editions of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered Office is located), each with wide circulation and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company in consultation with the Book Running Lead Manager, will finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, and the SEBI ICDR Regulations containing, inter alia, the Issue Price, the size of the Issue and certain other information, including any addenda or corrigenda thereto
Public Issue Account	Bank account to be opened with the Public Issue Bank, under Section 40(3) of the Companies Act to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date
Public Issue Bank	A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Issue Account will be opened, in this case being [●]
QIB Portion	The portion of the Issue (including the Anchor Investor Portion) being not more than 50% of the Issue consisting of [●] Equity Shares which shall be available for allotment to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Issue Price or Anchor Investor Issue Price (for Anchor Investors)
“Qualified Institutional Buyers” or “QIBs” or “QIB Bidders”	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
“Red Herring Prospectus” or “RHP”	Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Issue Price and the size of the Issue, including any addenda and corrigenda thereto. The Red Herring Prospectus

Term	Description
	will be filed with the RoC at least three Working Days before the Bid/ Issue Opening Date and will become the prospectus upon filing with the RoC after the Pricing Date
Refund Account	Account to be opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Bidders shall be made
Refund Bank	Banker(s) to the Issue and with whom the Refund Account(s) will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with SEBI and the stock exchanges having nationwide terminals, other than the members of the Syndicate and eligible to procure Bids in terms of the SEBI circular number CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar Agreement	Agreement dated December 23, 2023 entered by and amongst our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar pertaining to the Issue
“Registrar and Share Transfer Agents” or “RTAs”	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), and the UPI Circulars, as per the lists available on the websites of BSE and NSE
“Registrar to the Issue” or “Registrar”	Bigshare Services Private Limited
“Retail Individual Bidder(s)” or “RIB(s)” or Retail Individual Investor(s) or RII(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹0.2 million in any of the bidding options in the Issue (including HUFs who applied through their Karta and Eligible NRIs)
Retail Portion	Portion of the Issue being not less than 35% of the Issue consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids having been received at or above the Issue Price)
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders could revise their Bids during the Bid/ Issue Period and withdraw their Bids until Bid/ Issue Closing Date
Self-Certified Syndicate Bank(s) or SCSB(s)	(i) The banks registered with SEBI, offering services in relation to ASBA (other than through UPI Mechanism), a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 or such other website as updated from time to time, and (ii) The banks registered with SEBI, enabled for UPI Mechanism, a list of which is available on the website of SEBI at

Term	Description
	www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&int mId=40 or such other website as updated from time to time. Applications through UPI in the Issue can be made only through the SCSBs mobile applications (apps) whose name appears on SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is appearing in the “list of mobile applications for using UPI in Public Issues” displayed on SEBI website at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&int mId=43. The said list shall be updated on SEBI website from time to time.
SMS	Short Messaging Service
Specified Locations	Bidding Centres where the Syndicate could accept Bid cum Application Forms
Sponsor Bank	[●], being a Banker to the Issue, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/ or payment instructions of the RIBs using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
Stock Exchanges	Together, BSE and NSE
Syndicate Agreement	Agreement dated [●] to be entered amongst our Company, the Book Running Lead Manager, the Registrar and the Syndicate Members, in relation to collection of Bids by the Syndicate
Syndicate Member	Intermediary registered with the Board and who is permitted to accept bids, applications and place orders with respect to the issue and carry on the activity as an underwriter; namely, [●]
Underwriters	Being [●]
Underwriting Agreements	Agreement dated [●] to be entered amongst our Company and the Underwriters on or after the Pricing Date but prior to filing of the Red Herring Prospectus or the Prospectus with the RoC, as the case may be.
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI
UPI Bidders	Collectively, individual investors who applied as (i) Retail Individual Bidders in the Retail Category, and (ii) Non-Institutional Bidders with an application size of up to ₹ 500,000 in the Non-Institutional Category, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Member, Registered Brokers, Collecting Depository Participants and Collecting Registrar and Share Transfer Agents. Pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 500,000 are required to use the UPI Mechanism and are required to provide their UPI ID in the Bid cum Application Form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)

Term	Description
UPI Circulars	SEBI circular number CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, March 2021 Circular, June 2021 Circular, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard.
UPI Investor	Collectively, individual investors applying as (i) Retail Individual Investors in the Retail Portion, and (ii) Non-Institutional Investors with an application size of up to ₹0.50 million in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Pursuant to the April 5, 2022 Circular, all individual investors applying in public issues where the application amount is up to ₹0.50 million shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)
UPI ID	Identity document created on UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI linked mobile application and by way of an SMS on directing the RIB to such UPI linked mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment. In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, and SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and

Term	Description
	(https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time
UPI Mechanism	The bidding mechanism that was used by RIBs in accordance with the UPI Circulars to make an ASBA Bid in the Issue
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter or Fraudulent Borrower	Wilful Defaulter or Fraudulent Borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Working Day	All days on which commercial banks in Mumbai are open for business provided however, with reference to (a) announcement of Price Band and (b) Bid/Issue Period, the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai 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 Exchanges, “Working Day” shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI

Technical/ Industry Related Terms or Abbreviations

Term	Description
ABC	Architecture, building & construction
ART	Automotive, railway & transport
CEFCs	Common Engineering Facility Centres
CMTI	Central Manufacturing Technology Institute
BESS	Battery Energy Storage Systems
BIS	Bureau of Indian Standards
CNC	Computer Numerical Control
DG Set(s)	Diesel generator set(s)
DPSUs	Defence Public Sector Unit
EDM	Electrical Discharge Machining
FRP	Fair and Remunerative Price
GW	Gigawatt
HORECA	Hotels, Restaurants and Cafes
HVAC	Heating, ventilation and air conditioning
iDEX	Innovation for Defence Excellence
ISO	International Organization for Standardization
IISc	Indian Institute of Science
IIT	Indian Institutes of Technology
IMARC	International Market Analysis Research and Consulting Group
LSEM	Large-Scale Electronics Manufacturing
MIG	Metal Active Gas
mm./ M.M./m.m.	MM/ Millimetres

Term	Description
MRP	Maximum Retail Price
MT	Metric tonnes
WSS	Water Supply and Sanitation
MTPA/MTA	Metric tonnes per annum
MVR	Mechanical Vacuum Re-compression
Non-GAAP Measure(s)	Non-GAAP measures comprises EBIT, EBITDA, EBITDA Margin, Gross Margin, Other Operating Expenses, Capital Employed, Return on Capital Employed, Return on Equity, Debt to Equity, PAT Margin, CAGR and others
OEMs	Original equipment manufacturers
P&M	Plant and machinery
PPE	Property, plant and equipment
PSP	Pumped Storage Plants
RAPH	Rotating-Plate Regenerative Air Preheaters
R&D	Research and development
ROU	Right to use assets
SAW	Submerged Arc Welding
SKU/SKUs	Stock keeping unit(s)
SRIJAN portal	Self-Reliant Initiatives through Joint Action portal
Sq.Ft./ sqft/ sq. ft.	Square feet
Sq.M/ sqm/ sq. mtr.	Square meters
TIG	Tungsten Inert Gas
TIPs	Technology Innovation Portals
TPM	Tonnes per month
TPD	Tonnes per day
WHO	World Health Organization

Conventional and General Terms or Abbreviations

Term	Description
₹/ Rs./ Rupees/ INR	Indian Rupees
A/c	Account
Adv. Est.	Advance Estimates
AIFs	Alternative Investments Funds
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AGM	Annual general meeting
AS/Accounting Standards	Accounting Standards issued by the ICAI
B2B	Business to business
B2C	Business to customer
BSE	BSE Limited

Term	Description
CAGR	Compounded Annual Growth Rate (as a %): $(\text{End Year Value} / \text{Base Year Value})^{1/\text{No. of years between Base year and End year}} - 1$ [^ denotes 'raised to']
Capital Employed	Capital employed is calculated as total assets less current liabilities
CARO	Companies Auditor's Report Order, 2020
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
Category II AIF	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
Category II FPIs	FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
Companies Act	Companies Act, 2013 and Companies Act, 1956, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have an effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections by the Ministry of Corporate Affairs, Government of India as of the date of this Draft Red Herring Prospectus, along with the relevant rules made thereunder
Competition Act	Competition Act, 2002
COVID-19	Coronavirus disease 2019, a respiratory illness caused by the Novel Coronavirus and a public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
CST	Central Sales Tax
CWIP	Capital work-in-progress
Debt to Equity	Debt to equity is calculated as borrowings under non-current liabilities plus current maturities of long- term debts plus borrowings under current liabilities, divided by total equity
Demat	Dematerialised
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DIN	Director Identification Number
Dist./Dist	District

Term	Description
DP or Depository Participant	A depository participant as defined under the Depositories Act
DP ID	Depository Participant's Identification Number
DPIIT	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)
DRT	Debt Recovery Tribunal
EBIT	Earnings before interest and tax
EBITDA	EBITDA is calculated as restated profit for the year/ period, plus total tax expenses, exceptional items, finance costs and depreciation and amortization expenses, less other income
EBITDA Margin	EBITDA Margin is the percentage of EBITDA divided by revenue from operations
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
ERP	Enterprise resource planning
Est.	Estimated
EU	European Union
Euro or €	Euro, the official currency of the Eurozone
FCNR	Foreign Currency Non-Resident
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the provisions of FEMA
FDI	Foreign direct investment
FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations there under
FEMA Non-debt Instruments Rules/ FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	The Foreign Exchange Management (Non Debt Instruments) Rules, 2019, the Foreign Exchange Management (Mode of Payment and Reporting of Non Debt Instruments) Regulations, 2019 and the Foreign Exchange Management (Debt Instruments) Regulations, 2019, as applicable
Financial Year/ Fiscal/Fiscal FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FIR	First information report
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
FVCI(s)	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations

Term	Description
FZE	Free Zone Establishment
GAAR	General Anti-Avoidance Rules
Gazette	Gazette of India
“GBP” / “£” / “Pound”	British Pound
GDP	Gross domestic product
GFCF	Gross fixed capital formation
GoI or Government or Central Government	Government of India
Gross Margin	Gross Margin is calculated as revenue from operations less Material Cost
GST	Goods and services tax
GVA	Gross value added
HNI	High Net worth Individual
H.R./HR	Human Resources
HUF	Hindu undivided family
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	The Institute of Chartered Accountants of India
ICAI Guidance Note	Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IIP	Index of Industrial Production
IMF	International Monetary Fund
Ind AS/ Indian Accounting Standards	Indian Accounting Standards notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
Ind AS 24	Indian Accounting Standard 24, “Related Party Disclosures”, notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015
Ind AS 37	Indian Accounting Standard 37, “Provisions, Contingent Liabilities and Contingent Assets”, notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015
Ind AS 110	Indian Accounting Standard 110, “Consolidated Financial Statements”, notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
India	Republic of India
Indian GAAP/ IGAAP	Generally Accepted Accounting Principles in India notified under Section 133 of the Companies Act and read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016
INR/Indian Rupees/Rupee/₹/Rs.	Indian Rupee, the official currency of the Republic of India

Term	Description
IPC	The Indian Penal Code, 1860
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information Technology
IT Act or Income Tax Act	The Income Tax Act, 1961
MCA	Ministry of Corporate Affairs
MICR	Magnetic Ink Character Recognition
MIDC/M.I.D.C.	Maharashtra Industrial Development Corporation
Mn/ mn	Million
MSME	Micro, small or a medium enterprise.
m-o-m	Month on Month
MOSPI	The Ministry of Statistics and Programme Implementation
MT	Metric Tonne
Mutual Funds	Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
MVAT	Maharashtra Value Added Tax
N/A/ N.A./ NA	Not applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Funds Transfer
No(s).	Number(s)
Non-GAAP Measure(s)	Non-GAAP measures comprises EBIT, EBITDA, EBITDA Margin, Gross Margin, Other Operating Expenses, Capital Employed, Return on Capital Employed, Return on Equity, Debt to Equity, PAT Margin, CAGR and others
Novel Coronavirus	Severe acute respiratory syndrome coronavirus 2, a strain of coronavirus that causes coronavirus disease 2019, a respiratory illness.
NPCI	National Payments Corporation of India
NRE Account	Non-resident external rupee account
NRI	Person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 or an overseas citizen of India cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and

Term	Description
	immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue
Other Operating Expenses	Other operating expenses is calculated as other expenses less freight and forwarding charges and advertisement and sales promotion expenses.
p.a.	Per annum
PAN	Permanent Account Number
PAT	Profit after tax
PAT Margin	PAT Margin is calculated as restated profit for the year/ period divided by total income, represented as a percentage.
PhD	Doctor of Philosophy
PHP	Philippine Peso
P/E	Price/earnings
P/E Ratio	Price to Earnings ratio
PFCE	Private Final Consumption Expenditure
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934
Regulation S	Regulation S under the U.S. Securities Act
“Ringgit” / “RM”	Malaysian Ringgit
RONW	Return on net worth
ROCE	Return on Capital Employed is calculated as EBIT divided by average Capital Employed
ROE	Return on equity is calculated as restated profit for the year/ period divided by average total equity
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act
SAP	Systems, Applications & Products in Data Processing
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Term	Description
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
SEBI SBEBS Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
SGD	Singapore Dollar
State Government	The government of a state in India
Stock Exchanges	BSE and NSE
Stamp Act	The Indian Stamp Act, 1899
STT	Securities transaction tax
Total Borrowings	Total borrowings is calculated as borrowings under non-current liabilities, plus current maturities of long-term debts, plus borrowings under current liabilities
TAN	Tax deduction account number
U.K./UK	United Kingdom
U.A.E./ UAE	United Arab Emirates
U.S. Securities Act	U.S. Securities Act of 1933
U.S./USA/United States	United States of America
USD or US\$	United States Dollars
VaR	Value at risk
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
Water Act	Water (Prevention and Control of Pollution) Act 1974
WPI	Wholesale Price Index
y-o-y	Year on Year

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

Certain Conventions

All references in this Draft Red Herring Prospectus to “India” are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GOI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable. All references to the “U.S.”, “US”, “U.S.A” or “United States” are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

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

Financial Data

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year.

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

The financial data in this Draft Red Herring Prospectus is derived from the restated statement of assets and liabilities as at June 30, 2023, , March 31, 2023, March 31, 2022 and March 31, 2021, the restated statement of profit and loss (including other comprehensive income), the restated statement of cash flows, the restated statement of changes in equity for the three months period ended June 30, 2023 and years ended March 31, 2023, March 31, 2022 and March 31, 2021, the statement of significant accounting policies and other explanatory notes thereon, derived from the audited Ind AS financial statements for the year ended March 31, 2023 and March 31, 2022; special purpose Ind AS financial statements for the year ended March 31, 2021 and special purpose interim Ind AS financial statements for the three months period ended June 30, 2023 , together with the annexures and notes thereto prepared in accordance with Ind AS (except that they do not contain comparative information and related disclosures and explanatory notes for the year ended March 31, 2021) and restated in accordance with requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by the ICAI as amended from time to time.

For further information, see “*Restated Consolidated Financial Statements*”, “*Other Financial Information*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 296, 331 and 333 respectively.

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

Non-GAAP Measures

There are significant differences between Ind AS, Indian GAAP, US GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or US GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, the Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited. For risks relating to significant differences between Ind AS, Indian GAAP and other accounting principles, see Risk Factor No. 64 *"Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition."* on page 77 of this Draft Red Herring Prospectus.

Unless the context requires otherwise, any percentage amounts (excluding certain operational metrics), as set forth in *"Risk Factors"*, *"Our Business"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on pages 37, 216 and 333 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Consolidated Financial Statements.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such 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.

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\$" are to United States Dollar, the official currency of the United States, "SGD" are to Singapore Dollars, the official currency of Singapore, "PHP" are to Philippines Peso, the official currency of the Philippines, "Ringgit" / "RM" are to Malaysian Ringgit, the official currency of Malaysia, "GBP" / "£" / "Pound" are the British Pound, the official currency of United Kingdom and "Euro" or "€" are to Euro, the official currency of the Eurozone. Except otherwise specified, our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units. In this regard, please note: (a) One million is equal to 1,000,000/10 lakhs; and (b) 10 million is equal to 10,000,000/100 lakhs/ one crore (c) 1 billion is equal to 1,000,000,000/ 100 crore. Our Company has presented certain numerical information in this Draft Red Herring Prospectus in absolute number where the numbers have been too small to present in million unless as stated, otherwise, as applicable.

However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than million, such figures appear in this Draft Red Herring Prospectus in such denominations as provided in the respective sources.

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

Exchange Rates

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

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

(in ₹)

Currency*	As at			
	June 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	82.0428	82.2169	75.8071	73.5047
1 SGD	60.57	61.82	55.77	54.33
1 PHP	1.48	1.51	1.45	1.51
1 RM	17.55	18.56	17.93	17.64
1 GBP	103.5074	101.8728	99.5524	100.9509
1 Euro	89.1258	89.6076	84.6599	100.9509

*Source: www.rbi.org.in, www.oanda.com and www.fbil.org.in

Note: Exchange rate is rounded off to two decimal points.

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

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as various industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. 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.

Certain information in the sections entitled “*Summary of the Issue Document*”, “*Industry Overview*” and “*Our Business*” on pages 28, 180 and 216, respectively of this Draft Red Herring Prospectus has been obtained from the CRISIL Report. The CRISIL Report is available on the website of our Company at <https://www.diffusionengineers.com/investors-relation> until the Bid / Issue Closing Date. The CRISIL Report has been exclusively commissioned and paid for by us in connection with the Issue. Further, CRISIL does not have any direct/indirect interest in or relationship with our Company or its Promoters, Directors, KMPs and SMPs.

The CRISIL Report is subject to the following disclaimer:

“CRISIL Market Intelligence & Analytics, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any company covered in the Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Market

Intelligence & Analytics operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this report are that of CRISIL Market Intelligence & Analytics and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval."

For further details in relation to risks involving the industry, see *"Risk Factor No. 49 -Certain sections of this Draft Red Herring Prospectus disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Offer There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate."* on page 70 of this Draft Red Herring Prospectus.

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

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors including those discussed in chapter titled *"Risk Factors"* on page 37 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based solely on such information.

Certain data in relation to our Company used in this Draft Red Herring Prospectus has been obtained or derived from the CRISIL Report which may differ in certain respects from our Restated Consolidated Financial Statements as a result of, inter alia, the methodologies used in compiling such data. Accordingly, investment decision should not be made based on such information.

In accordance with the SEBI ICDR Regulations, we have included in the chapter *"Basis for Issue Price"* on page 146, information pertaining to the peer company of our Company. Such information has been derived from publicly available data of the peer company. Accordingly, no investment decision should be made solely on the basis of such information. Such industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base this information on estimates and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in *"Risk Factors"* beginning on page 37 of this Draft Red Herring Prospectus.

FORWARD LOOKING STATEMENTS

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

All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that may vary, some or all of which could cause actual results to differ materially from those contemplated by the relevant forward- looking statement. All statements in this DRHP that are not statements of historical fact are ‘*forward – looking statements*’.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to and including, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, changes in the incidence of any natural calamities and/or violence, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our Company’s expectations and assumptions include, but are not limited to, the following:

1. Our Company is increasingly dependent on a domestic market for its sales and any a downturn in it could dent our market share
2. We operate all our Manufacturing Facilities from concentrated geographic therefore, any localized social unrest, natural disaster or breakdown of services or any other natural disaster in and around or any disruption in production at, or shutdown of, all our manufacturing units could have material adverse effect on our business and financial condition.
3. Our business is dependent on the performance of certain other industries. Economic cyclicity coupled with reduced demand in these other industries, in India or globally, could adversely affect our business, results of operations and financial condition.
4. If there are delays in setting up the Proposed Facility or Proposed Expansion or if the costs of setting up and the possible time or cost overruns related to the Proposed Facilities or the purchase of plant and machinery for the Proposed Facilities are higher than expected, it could have a material adverse effect on our financial condition, results of operations and growth prospects.
5. Our business and profitability is substantially dependent on the availability and cost of our raw materials and any disruption to the timely and adequate supply or volatility in the prices of raw materials may adversely impact our business, results of operations, cash flows and financial condition
6. Our business and profitability is substantially dependent on the availability and cost of our raw materials and any disruption to the timely and adequate supply or volatility in the prices of raw materials may adversely impact our business, results of operations, cash flows and financial condition
7. Our business is working capital intensive. Any insufficient cash flows from our operations or inability to borrow to meet our working capital requirements, it may materially and adversely affect our business and results of operations

8. We do not have long-term agreements with our suppliers for raw materials and an inability to procure the desired quality, quantity of our raw materials in a timely manner and at reasonable costs, or at all, may have a negative impact on our business, results of operations, financial condition and cash flows.
9. Commercialization and market development of new products may take longer time than expected and / or may involve unforeseen business risks. Our inability to successfully diversify our product offerings of engineering business may adversely affect our growth and negatively impact our profitability.
10. If we fail to manage our growth effectively, we may be unable to execute our business plan or maintain high levels of service and satisfaction, and our business, results of operations, cash flows and financial condition could be adversely affected.

For details regarding factors that could cause the actual results to differ from the expectations, please refer to the chapter titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 37, 216 and 333 respectively of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders 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 of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although 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. Our Company, our Directors, BRLM or any of their respective affiliates or advisors do not have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with SEBI ICDR Regulations, our Company and the BRLM will ensure that investors in India are informed of material developments from the date of the Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for the Equity Shares allotted pursuant to the Issue.

SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including “Risk Factors”, “Objects of the Issue”, “Our Business”, “Industry Overview”, “Financial Information”, “Outstanding Litigation and Material Developments”, “Main Provisions of Articles of Association” and “Issue Procedure” beginning on pages 37, 146, 216, 180, 296, 365, 429 and 403, respectively.

Summary of our business

We are engaged in the business of providing engineering solutions to customers both in domestic and international market. Our Company has been in existence for over four decades and provides a wide range of products and services including manufacture of special welding consumables, wear plates and heavy engineering equipment for core industries and provide special and customized repairs and reconditioning services of heavy machinery and equipment. We are also involved in trading of anti-wear powders and welding and cutting machinery. We provide super conditioning process at our manufacturing facilities, a surface treatment solution for machine components that greatly improves wear resistance, eliminates stress and increases their repair ability leading to extended life of industrial parts resulting in smoother functioning and economy in production costs. We have developed a synergistic system of forward integration whereby we manufacture special purpose electrodes and flux cored wires which are utilized for manufacturing wear resistance plates (commonly known as wear plates). These wear plates then become an integral part of majority of large industrial equipment which are made in our heavy engineering division are significant contributor in manufacturing of industrial equipment used in core industries like Cement, Steel, Power, Mining, Engineering, Oil & Gas, Sugar etc. This forward integration helps in achieving efficiency in the production process and gaining competitive advantage, reduction in product costs, control over supply of raw materials and reduce our dependency on third parties for our operations.

Summary of the Industry in which our Company operates

Welding consumables market in India is estimated at around Rs 46 billion in fiscal 2023, with fiscal 2026 projections around Rs 58-60 billion. Due to the rise in demand for improved infrastructure, a lot of investment is happening in infrastructure development, such as construction of roads, bridges, ports and airports. Wear plates market in India is estimated around Rs 20 Bn in FY23 and is expected to grow at a CAGR of 8.5-9.5% to reach ~Rs 26 Bn in FY26. Wear plates are essential part of the industries such as power plants, steel mills, quarrying, cement etc, as these plates protect key components of these industry. As India continue to undergo rapid industrialization, each of these industries would grow and require wear plates to protect their equipment and machinery. The Indian heavy engineering capital goods industry is estimated to be Rs 2650-2750 billion as of FY23 and is projected to clock a CAGR of 7-8% over FY23-26. The industry expected to reach Rs 3300-3400 billion in size by FY26. Heavy electrical engineering, earthmoving, construction and Mining Machinery, and Process Plant Equipment are the largest segments of the industry.

Promoters of our Company

The Promoters of our Company are Prashant Garg, Dr. Nitin Garg and Chitra Garg.

Issue Size

Issue of up to 9,847,000 Equity Shares of face value of ₹ 10 for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ [●] million. The Issue shall constitute [●] % of the post-Issue paid-up Equity Share capital of our Company. For further details of the Issue, see “The Issue” and “Issue Structure” on pages 85 and 399, respectively. The Issue has been authorized by resolution of our Board passed at its meeting

held on December 13, 2023 and has been authorized by a special resolution of our Shareholders at the extra-ordinary general meeting held on December 20, 2023.

Objects of the Issue

The proceeds of the Issue are to be utilized for financing the following objects:

(₹ in million)	
Particulars	Amount
Funding capital expenditure requirements towards Proposed Expansion	666.33
Setting up of a Proposed Facility	303.85
Funding working capital requirements of the Company	220.00
General Corporate Purposes ⁽¹⁾	[•]
Net Proceeds	[•]

⁽¹⁾To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

For details, see “Objects of the Issue” beginning on page 146.

Aggregate pre-Issue shareholding of the Promoters and Promoter Group members

Category	Number of Equity Shares held	Percentage of pre-Issue paid up capital (%)
Promoters		
Prashant Garg	10,379,551	37.04
Prashant Garg jointly with Neelu Garg	65,548	0.23
Dr. Nitin Garg	6,876,254	24.54
Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	1.88
Chitra Garg	6,130,971	21.88
Total (A)	23,979,291	85.58
Promoter Group		
Neelu Garg	22,400	0.08
N. K. Garg HUF	2,085,279	7.44
Total (B)	2,107,679	7.52
Total (A+B)	26,086,970	93.10

Summary of Selected Financial Information

A summary of the select financial information of our Company, as at and for the three months period ended June 30, 2023 and as at and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 derived from the Restated Consolidated Financial Statements are as follows:

(₹ in Million)				
Particulars	As at and for the three months ended	As at and for the year ended March 31,		
	June 30, 2023	2023	2022	2021
Share Capital*	37.37	37.37	37.37	37.37
Net Worth	1,481.24	1,419.97	1,206.48	1,051.22
Total Income	673.69	2,586.72	2,087.47	1,592.71

Particulars	As at and for the three months ended	As at and for the year ended March 31,		
	June 30, 2023	2023	2022	2021
Restated Profit/ (loss) after tax	62.55	221.45	170.46	116.63
Basic EPS (in ₹)	2.22	7.91	6.08	4.18
Diluted EPS (in ₹)	2.22	7.91	6.08	4.18
Net asset value per Equity Share (in ₹) ⁽¹⁾	52.86	50.67	43.06	37.52
Total borrowings	394.48	480.92	245.95	196.90

*Our Board of Directors pursuant to a resolution dated October 11, 2023 and shareholders pursuant to a resolution dated November 18, 2023, have approved the issuance of 24,018,222 bonus Equity Shares in the ratio of six Equity Shares for every one existing fully paid up Equity Share.

⁽¹⁾ NAV is calculated after taking effect of Bonus issue approved by shareholders on the EGM Dated October 11, 2023 and allotment approved by Board on November 18, 2023.

The Restated Consolidated Financial Statements for the three month period ended June 30, 2023 and for Fiscals 2023, 2022 and 2021 referred to above are presented under “Financial Information” on page 296 of this Draft Red Herring Prospectus.

Auditor Qualifications which have not been given effect to in the Restated Consolidated Financial Statements

There are no qualifications by our Statutory Auditors in their reports which have not been given effect to in the Restated Consolidated Financial Statements.

Outstanding Litigations

A summary of outstanding legal proceedings involving our Company, Directors and Promoters as on the date of this Draft Red Herring Prospectus is provided below:

Name of the Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or stock exchanges against our Promoters	Material civil litigations	Aggregate amount involved (INR in Million)*
Company						
By the Company	5	1	-	-	-	0.75
Against the Company	-	-	2	-	-	130.75
Directors						
By the Directors	-	-	-	-	-	-
Against the Directors	-	1	-	-	-	0.01
Promoters						
By the Promoters	-	-	-	-	-	-
Against the Promoters	-	2	-	-	-	2.90
Subsidiaries						
By the Subsidiaries	-	-	-	-	-	-

Against the Subsidiaries	-	-	-	-	-	-
Group Companies						
Outstanding litigation which may have a material impact on our Company	NA					

**To the extent quantifiable*

The amounts mentioned above may be subject to additional interest/ penalties being levied by the concerned authorities which have not been included above as not being ascertainable as on date of this Draft Red Herring Prospectus. For further details regarding these legal proceedings, please refer to chapter titled “*Outstanding Litigations and Material Developments*” on page 365 of this Draft Red Herring Prospectus.

Risk Factors

Specific attention of Investors is invited to the section “*Risk Factors*” on page 37. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent Liabilities

As per the Restated Consolidated Financial Statements, no contingent liability has been recognized and reported for the three months period ended June 30, 2023.

For further details, please see the “*Note 36 – Contingent Liabilities*” under the chapter “*Restated Consolidated Financial Statements*” on page 324 of this Draft Red Herring Prospectus.

Related Party Transactions

A summary of related party transactions as per the requirements under Ind AS 24 –Related Party Disclosures read with the SEBI ICDR Regulations entered into by our Company with related parties as at and for the three months period ended June 30, 2023, and for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 derived from our Restated Consolidated Financial Statements is as follows:

Particulars	For the 3 month period ended June 30, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Sales				
M/s Mecdiff SD. BHD.	3.90	8.94	7.67	14.32
Total Credit Notes Towards Commission				
LSN Diffusion Ltd	1.48	0.57	0.43	0.06
Purchase				
Benvira Forward Algorithms LLP		-	-	0.30
LSN Diffusion Ltd	5.99	35.37	27.59	27.72

Reimbursement				
Benvira Forward Algorithms LLP	0.00	0.29	0.35	0.02
LSN Diffusion Ltd	-	0.21	-	-
Mr. Prashant Garg	0.53	2.59	2.32	1.15
Commission				
Mr. Prashant Garg	0.63	2.50	4.00	3.80
Mr. Ajay Jain	0.09	0.35	0.35	0.25
Mrs. Neelu Garg	0.88	3.50	2.00	1.20
Mrs. Renuka Garg	0.09	0.35	0.35	0.25
Ms. Anita Vijaykar	0.09	0.35	0.35	0.25
Debit / (Credit) due to exchange fluctuation				
LSN Diffusion Ltd	-	(0.28)	0.26	
M/s Mecdiff SD. BHD.	0.01	0.11	(0.19)	
Dividend				
Mr. Prashant Garg	-	4.37	5.83	5.10
Ajay Jain (H.U.F)	-	0.03	0.04	0.04
Mr. Nitin N Garg	-	2.95	4.23	3.70
Mrs Daksha Jain	-	0.00	0.00	0.00
Mrs. Chitra N Garg	-	2.55	3.40	2.97
Mrs. Neelu Garg	-	0.03	0.04	0.03
Mrs. Renuka Garg	-	0.23	0.30	0.26
N. K. Garg HUF	-	0.89	1.19	1.04
Ms. Anita Vijaykar	-	0.00	-	-
Medical Reimbursement				
Mr. Prashant Garg	-	-	-	0.03
Remuneration				
Mr. Prashant Garg	4.05	16.65	13.05	12.00
Mrs. Neelu Garg	1.38	1.92	1.64	1.26
Key Managerial Personnel				
Mr Abhishek Mehta	0.46	-	-	-
Ms Chanchal Jaiswal	0.04	-	-	-
Relatives of Key Managerial Personnel				
Mrs Disha Mehta	0.39	-	-	-

Rent				
Mrs. Chitra N Garg	0.73	2.67	2.47	2.28
N. K. Garg HUF	0.05	0.19	0.19	0.17
Mr. Prashant Garg	0.18	0.70	0.64	0.59
Total	20.96	88.01	78.51	78.79

Details of outstanding to/from related parties

Particulars	For the 3 month period ended June 30, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Trade Payables				
Benvira Forward Algorithms LLP		-	0.16	-
LSN Diffusion Ltd	4.51	1.48	1.65	10.52
		-	-	-
Trade receivables		-	-	-
M/s Mecdiff SD. BHD.	3.90	1.51	0.23	9.28
	-	-	-	-
Total Debit Notes towards expenses	-	-	-	-
Diffusion MGM Machines Pvt Ltd.		-	-	-
Reimbursement Payable				
Mr. Prashant Garg	-	0.16	-	-
Advances				
Nitin Garg	10.83	-	-	-
Prashant Garg	10.83	-	-	-
Chitra Garg	10.83	-	-	-

For details of related party transactions of our Company, as per the requirements under Ind AS 24 ‘Related Party Disclosures’ for the Financial Years ended March 31, 2021, March 31, 2022 and March 31, 2023, please see “*Note 37 – Related Party Transactions*” under the chapter “*Restated Consolidated Financial Statements*” on page 324 of this Draft Red Herring Prospectus.

Financing Arrangements

There have been no financing arrangements whereby the Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.

Weighted Average Price

The weighted average price at which Equity Shares were acquired by our Promoters in the last one year is set forth in the table below:

Name of Promoters	No. of Equity Shares acquired in last one year from the date of this DRHP	Weighted Average Price (in ₹)
Prashant Garg	10,379,551	2.24
Chitra Garg	6,130,971	3.78
Prashant Garg jointly with Neelu Garg	65,548	Nil*
Dr. Nitin Garg	6,876,254	Nil*
Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	Nil*

* Bonus shares issue as on 29th November 2023

Weighted average cost of all Equity Shares transacted in the three years, eighteen months and one year preceding the date of this Draft Red Herring Prospectus

Weighted average cost of acquisition of all Equity Shares transacted in the three years, eighteen months and one year immediately preceding the date of this Draft Red Herring Prospectus:

Particulars	Weighted Average Cost of Acquisition (in ₹)	Range of acquisition price: Lowest Price - Highest Price (in ₹)	Cap Price ([●]) is 'x' times the Weighted Average Cost of Acquisition [#]
Last one year preceding the date of this Draft Red Herring Prospectus	8.33	0-762	[●]
Last 18 months preceding the date of this Draft Red Herring Prospectus	8.33	0-762	[●]
Last three year preceding the date of this Draft Red Herring Prospectus	8.33	0-762	[●]

Average Cost of Acquisition

The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

Name of Promoters	No. of Equity Shares held	Average cost of acquisition (in ₹)
Prashant Garg	10,379,551	10.11
Chitra Garg	6,130,971	6.58
Dr. Nitin Garg	6,876,254	3.31
Prashant Garg jointly with Neelu Garg	65,548	18.48
Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	6.11

As on the date of this Draft Red Herring Prospectus, there are no Shareholders holding any special rights in our Company, including the right to nominate Director(s) on our Board.

The details of the price at which Equity Shares were acquired in the three years preceding the filing of this Draft Red Herring Prospectus, by each of the Promoters and members of the Promoter group are as follows:

Name of Acquirer	Date of Acquisition of Equity Shares	No. of Equity shares acquired	Acquisition price per Equity Share (₹)	Nature of Acquisition
Promoters				
Prashant Garg	October 11, 2023	26,200	762	Preferential Allotment
	November 29, 2023	8,896,758	-	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)
Prashant Garg jointly with Neelu Garg	November 29, 2023	56,184	-	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)
Dr. Nitin Garg	November 29, 2023	5,893,932	-	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)
Dr. Nitin Garg jointly with Dr. Renuka Garg	November 29, 2023	451,686	-	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)
Chitra Garg	October 11, 2023	26,200	762	Preferential Allotment
	November 29, 2023	5,255,118	-	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)
Promoter Group Member				
Neelu Garg	October 11, 2023	3,200	762	Preferential Allotment
	November 29, 2023	19,200	-	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)
N. K. Garg HUF	November 29, 2023	1,787,382	-	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)

#As certified by PGS & Associates, Chartered Accountants, by way of their certificate dated December 21, 2023

Pre- IPO Placement

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

Issue of Equity Shares for consideration other than cash in the last one year

Except as disclosed in the chapter titled “*Capital Structure*” beginning on page 100 of this Draft Red Herring Prospectus, our Company has not issued Equity Shares for consideration other than cash during the last one year immediately preceding the date of filing the Draft Red Herring Prospectus.

Split/ consolidation of Equity Shares in the last one year

Our Company has not split/ consolidated equity shares during the last one year immediately preceding the date of filing the Draft Red Herring Prospectus.

Exemption from complying with any provisions of securities laws

As on the date of this Draft Red Herring Prospectus, our Company has not obtained any exemptions from complying with any provisions of securities laws from SEBI.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Restated Consolidated Financial Statements” beginning on pages 216, 180, 149 and 296, respectively, of this Draft Red Herring Prospectus, as well as the other financial and statistical and other information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and our business and the terms of the Issue including the merits and risks involved.

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

This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see “Forward-Looking Statements” on page 26 of this Draft Red Herring Prospectus.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see “Restated Consolidated Financial Statements” beginning on page 296 of this Draft Red Herring Prospectus. Unless the context otherwise requires, in this section, references to “we”, “us”, “our”, “our Company”, or “the Company” refers to Diffusion Engineers Limited.

Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “Assessment of the Welding consumable, Wear plates and Heavy Engineering market in India” dated December 2023 (the “CRISIL Report”) prepared and issued by CRISIL Limited commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

RISKS RELATING TO OUR BUSINESS

- 1. Our Company is increasingly dependent on a domestic market for its sales and any a downturn in it could dent our market share.**

We have historically derived majority of our revenues from sales in the domestic market. Our Company is majorly dependent on domestic sales for their product sales while our products are also sold in Asian, APEC, Africa, Middles east, Europe and US regions. Thus, the sales of our Company are widely dispersed throughout the domestic and any failure to maintain such dispersion may impact sales, revenues, and consequently, the financial performance of the Company. Details for the revenue generated from domestic market and through export as per standalone restated financials are as follow:

Particulars	Domestic sales		Export Sales	
	Total sales (in million)	% of total sales (%)	Total sales (in million)	% of total sales (%)
June 30, 2023	598.26	90.85	60.28	9.15
Fiscal 2023	2,254.43	88.45	294.34	11.55
Fiscal 2022	1,884.15	92.09	161.74	7.91
Fiscal 2021	1,364.45	87.88	188.18	12.12

Further, any failure in expanding our geographical presence in the international market will lead to loss of opportunity in earning higher revenue thereby effect our growth and profit in the Company. Loss of all or a substantial portion of sales to any of our customer from these countries for any reason (including, due to any materially adverse social, political or economic development, civil disruptions, or changes in the policies of the state government or state or local governments in these countries, occurrence of COVID-19 infection and strict curbs), could further have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects Export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries. India is also a party to, and is currently negotiating, free trade agreements with several countries and if we export our products to such countries, any revocation or alteration of those bilateral agreements may also adversely affect our ability to export. Occurrence of any of these events may adversely affect our business, financial condition and results of operations. Further, changes in import policies or an economic slowdown in countries to which we export our products may have a significant adverse impact on our business, financial condition and results of operations.

2. *We operate all our Manufacturing Facilities from concentrated geographic therefore, any localized social unrest, natural disaster or breakdown of services or any other natural disaster in and around or any disruption in production at, or shutdown of, all our manufacturing units could have material adverse effect on our business and financial condition.*

All of our existing manufacturing facilities are located in Nagpur, Maharashtra which are adjacent to each other. Further, the Proposed Facility and Proposed Expansion by our Company is also intended to be set up in Nagpur, Maharashtra. Any materially adverse social, political or economic development, natural calamities, civil disruptions, or changes in the policies of the state government or state or local governments in this region could adversely affect manufacturing operations, and require a modification of our business strategy, or require us to incur significant capital expenditure or suspend our operations. Our business is dependent upon our ability to manage our manufacturing activities, which are subject to various operating risks, including political instability, productivity of our workforce, compliance with regulatory requirements, difficulties with production costs and yields, product quality and those beyond our control, such as the breakdown and failure of equipment or industrial accidents, disruption in electrical power or water resources, severe weather conditions, natural disasters and an outbreak of pandemic such as COVID-19. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. Moreover, some of our products are permitted to be manufactured only at such facility which has received specific approvals, and any shutdown of such facility will result in us being unable to manufacture a product for the duration of such shutdown. Our

inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to delays in the entire production cycle and an inability to comply with our customers' requirements and lead to loss of revenue to us and our customers.

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

3. *Our business is dependent on the performance of certain other industries. Economic cyclicality coupled with reduced demand in these other industries, in India or globally, could adversely affect our business, results of operations and financial condition.*

We are dependent on the following five industries for deriving a major portion of our revenues. The following table sets forth revenues generated from the sale of products on restated standalone financial statement from each of the other industries for both of our businesses, for the periods indicated.

End-use segment	₹ in millions							
	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
Cement	292.63	47.80%	747.09	30.61%	719.13	36.74%	518.98	34.07%
Engineering	34.21	5.59%	262.36	10.75%	145.50	7.43%	74.86	4.91%
Power	51.77	8.46%	325.82	13.35%	291.76	14.90%	303.89	19.95%
Steel	43.28	7.07%	291.19	11.93%	213.35	10.90%	109.68	7.20%
Sugar	31.00	5.06%	104.00	4.26%	91.60	4.68%	87.80	5.76%
Total	452.90	73.97%	1,730.46	70.90%	1,461.34	74.65%	1,095.20	71.90%

The remainder of our revenues are generated from sales to other sectors and also sales through our distributors, both in domestic and overseas market, which may include sales to the aforesaid sectors.

Any slowdown in the above industries or any loss of business from, or any significant reduction in the volume of business with, customers operating in these other industries, if not replaced, could materially and adversely affect our business, financial condition and results of operations. As a result of our dependence on customers in these other industries, we are exposed to fluctuations in the performance of these other industries globally, and in India. These other industries are sensitive to factors such as consumer demand, consumer confidence, disposable income levels and employment levels. Moreover, they are also affected by other factors such as national and international trade, changes in government policies, environmental, health and safety regulations, commodity prices and oil prices. A decline in our customers' business performance may also lead to a corresponding decrease in demand for our products and services. The volume and timing of sales to our customers may vary due to variation in demand for our customers products, their attempts to manage their inventory, design changes, changes in their product mix, manufacturing and growth strategy, and macroeconomic factors affecting the economy in general, and our customers in particular. A sustained decline in the demand for products produced by our key customers could prompt them to cut their production volumes, directly affecting the demand from customers for our products. Unfavourable industry conditions can also result in an increase in commercial disputes and other risks of supply disruption.

4. *If there are delays in setting up the Proposed Facility or Proposed Expansion or if the costs of setting up and the possible time or cost overruns related to the Proposed Facilities or the purchase of plant and machinery for the Proposed Facilities are higher than expected, it could have a material adverse effect on our financial condition, results of operations and growth prospects.*

We are in the process of setting up new manufacturing facility to be located at Hingna, Sonegaon District, Nagpur, Maharashtra. In addition to our existing projects, we are in the process of undertaking Proposed Expansion of our existing manufacturing facility at Unit IV located at Khapri (Uma), Nagpur, Maharashtra, all of which would require substantial capital expenditure. Both the Proposed Facility and Proposed Expansion are expected to commence by September 2025. The completion of the setting up of the Proposed Facility and Proposed Expansion is dependent on our ability to arrange finance through Net Proceeds or otherwise, the performance of external agencies which are responsible for inter alia construction of buildings, installation and commissioning of plant and machinery and supply and testing of equipment. We cannot assure you that we will be able to arrange for such finance on time. Further, we cannot assure you that the performance of external agencies will meet the required specifications or performance parameters. We may not be able to identify suitable replacement external agencies in a timely manner. If the performance of these agencies is inadequate in terms of the requirements, this may result in incremental cost and time overruns. However, if we decide to raise additional funds through the issuance of equity or equity-linked instruments, the interests of our shareholders may be diluted. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business prospects could be adversely affected.

Some of the plant, machinery and equipment to be purchased may be required to be shipped to the Proposed Facility or Proposed Expansion, as the case may be, from other regions. Any delay in the transportation of such assets or damage to the assets acquired due to inter alia defaults by transportation agencies may further result in cost and time overruns in the commissioning of the Proposed Facility and/or Proposed Expansion.

The estimated costs for setting up the Proposed Facility and Proposed Expansion are based on the certificates dated December 21, 2023 given by M/s. Sandeep Mashru & Co, Independent Chartered Engineers, are management's estimates and current conditions which are subject to change, owing to prospective changes in external circumstances, costs and other financial conditions. There could be delays in setting up the Proposed Expansion and Proposed Facility as a result of, amongst other things, requirement of obtaining approvals from statutory or regulatory authorities, contractors' or external agencies' failure to perform, exchange rate fluctuations, unforeseen engineering problems, disputes with workers, increase in input costs of construction materials and labour costs, incremental preoperative expenses, taxes and duties, interest and finance charges, cost escalation and/ or force majeure events (including the continuing impact of the COVID-19 pandemic, geopolitical tensions, etc.), any of which could give rise to cost overruns and delays in our implementation schedules.

If the actual capital expenditures on setting up the Proposed Facility and Proposed Expansion significantly exceed our budgets, we may not be able to achieve the intended economic benefits of the Proposed Facility or Proposed Expansion, as applicable, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. There can be no assurance that we will be able to complete the aforementioned expansion or commissioning of our plants and additions in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition.

The new manufacturing facilities will require us to obtain various approvals, which are routine in nature including approvals such as consent to establish, consent for operations, fire-no objection certificate under applicable law in relation to the manufacturing facilities. There can be no assurance that we will be able to obtain these registrations, licenses and approvals including approvals in relations to power and water procurement in a timely manner or at all, which could result in an adverse effect on our business, prospects and results of operations.

5. Our business and profitability is substantially dependent on the availability and cost of our raw materials and any disruption to the timely and adequate supply or volatility in the prices of raw materials may adversely impact our business, results of operations, cash flows and financial condition

We are engaged in the manufacturing of complex and high precision engineered components, requiring raw materials having certain technical specifications. The tables below provide cost of raw materials and components consumed as a percentage of our total revenue in the years/ periods indicated:

Particulars	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ in million)	% of total revenues	Amount (₹ in million)	% of total revenues	Amount (₹ in million)	% of total revenue	Amount (₹ in million)	% of total revenues
Cost of Raw Materials and Components Consumed	324.46	48.16	1,376.33	53.21	1,166.25	55.87	591.22	37.12

We may experience volatility in the cost or availability of raw materials. A major portion of raw materials comprises of metals including steel, nickel, etc. The prices of such raw materials are volatile and are dependent on a number of factors, such as, their availability, fluctuations in domestic and international demand and supply, international production and capacity, fluctuation in the volume of metal imports, transportation costs, protective trade measures and various social and political factors, in the economies in which the metal producers sell their products. For instance, in Fiscal 2023 proved to be a tumultuous year for the steel sector as the Russia-Ukraine conflict that started in the last quarter of fiscal 2022 pushed up the prices of coking coal, iron ore, pig iron and steel. Prices of all these commodities hit new all-time highs, hurting the domestic demand. The prices directly impacted the procurement decisions of the players in the end-use segments in the first quarter of fiscal 2023. (Source: CRISIL Report) While our arrangements with customers allow us to seek an upward revision in pricing, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the prices for our customers, to account for the increase in the prices of such raw materials. Our ability to pass through costs or otherwise mitigate these cost increases could adversely affect our business. From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve which may cause periodic supply interruptions. If these supply interruptions occur, our costs for procuring our raw materials could increase, and our business, cash flows and results of operations could be adversely affected.

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

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

We sell at our standard terms with payment due before dispatch and conduct our business on the basis of various milestone payments. A small percentage of our sales are to customers on an open credit basis, with standard payment terms of generally between 30 to 90 days. While we generally monitor the ability of our customers to pay these open credit arrangements and limit the credit we extend to what we believe

is reasonable based on an evaluation of each customer's financial condition and payment history, we may still experience losses because of a customer being unable to pay. As a result, while we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate.

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

Particulars	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ in million)	% of total sales	Amount (₹ in million)	% of total sales	Amount (₹ in million)	% of total sales	Amount (₹ in million)	% of total sales
Trade Receivables	626.44	92.98%	701.35	27.11 %	503.45	24.12%	430.81	27.04
Bad debts written off	0.61	0.1%	3.88	0.15%	1.39	0.06%	2.96	0.18%
Disputed trade receivables which have significant increase in credit risk	4.80	0.71%	6.48	0.25%	5.55	0.26%	4.69	0.29%

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

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

7. *Our business is working capital intensive. Any insufficient cash flows from our operations or inability to borrow to meet our working capital requirements, it may materially and adversely affect our business and results of operations.*

Our business requires a significant amount of working capital primarily as a considerable amount of time passes between purchase of raw materials and sale of our finished products. As a result, we are required to maintain sufficient stock at all times in order to meet manufacturing requirements, thus increasing our storage and working capital requirements.

There could be situations where the total funds available may not be sufficient to fulfil our commitments, and hence we may need to incur additional indebtedness in the future, or utilize internal accruals to satisfy our working capital needs. Further, we require a substantial amount of capital and will continue to incur significant expenditure in maintaining and growing our existing infrastructure and any additional fund raise, equity or debt, could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding.

Presently, we meet our working capital requirements through a mix of internal accruals and working capital facilities from banks and financial institutions. As on June 30, 2023, our sanctioned working capital facilities was ₹470 million for funds based limit and ₹ 180 million for non-funds based limit, aggregating to a total limit of ₹650 million. We intend to utilise ₹220.00 million (as part of the Net Proceeds) towards funding our incremental working capital requirements in Fiscal 2024 and Fiscal 2025. For further information on the use of Net Proceeds, see “Objects of the Issue” on page 146. The actual amount of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, technological changes and additional market developments. Further, our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions and the effect of events such as credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations and financial condition could be materially and adversely affected. For further information on the working capital facilities currently availed of by us, see “Financial Indebtedness” on page 362.

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

Our purchases of raw materials are concentrated from a few suppliers with our top 10 suppliers contributing of the total purchases of raw materials on restated standalone financial statement are as follows:

Fiscal	Amount (₹ in million)	% of total purchase
For the period ended June 30, 2023	244.68	64.87
2023	719.94	49.49
2022	603.03	49.43
2021	329.69	50.80

Further, some of our suppliers are our related parties and have been disclosed in “*Note 37 – Related Party Transactions*” in the chapter titled “*Restated Consolidated Financial Statements*” on page 324 of this Draft Red Herring Prospectus. Our ability to remain competitive, maintain costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices. Our major raw materials include ferro alloys, metal powders, EQMS and alloyed wires, chemicals used in consumables manufacturing, steel plates, pipes, stainless steel, or strips of steel, nickel among many others. For further information, see “*Our Business – Procurement of Raw Materials*” on page 242 of this Draft Red Herring Prospectus. We depend on external suppliers for all the raw materials required and typically purchase raw materials on a purchase order basis and place such orders with them in advance based on our requirements. As a result, the success of our business is significantly dependent on maintaining good relationships with our raw material suppliers. The absence of long-term supply contracts subjects us to risks such as price volatility caused by various factors viz. commodity market fluctuations, currency fluctuations, climatic and environmental conditions, transportation cost, changes in domestic as well as international government policies, regulatory changes and trade sanctions. Some part of our raw materials are also imported. China, United Kingdom, Germany, Italy, Spain, Singapore and Hong Kong constitute the countries from where major portion of the raw materials were imported during the last three Fiscal years. As a result, we continue to remain susceptible to the risks arising out of foreign exchange rate fluctuations as well as import duties, which could result in a decline in our operating margins. If we

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

There can be no assurance that in future we will be able to procure the required quantities and quality of raw materials commensurate with our requirements. There can also be no assurance that a particular supplier will continue to supply us with raw materials in the future. Any delay in supplying finished products to customers in accordance with the terms and conditions of the purchase orders, such as delivery within a specified time, as a result of delayed raw material supply, could result in the customer refusing to accept our products, which may have an adverse effect on our business and reputation. Further, we do not enter into agreements with suppliers which could have an adverse effect on our ability to source raw materials in a commercially viable and timely manner as well as the commitments to our customers, which may impact our business and profitability.

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

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

We manufacture welding consumables, wear plates and heavy engineering equipment machinery for various industries and provide services of repair and reconditioning of industrial machinery and equipment. We are also involved in trading of thermal spray powder and welding equipment. We intend to expand our product portfolio of by manufacturing new products solve customer's wear and tear problems. There can be no assurance that we will be able to successfully develop new products or that such new products will receive market acceptance or adapt our manufacturing processes to incorporate new technologies or address changing consumer trends or emerging industry standards. Any rapid change in the expectations of our dealers and end customers in our business on account of changes in technology or introduction of new alternate products could adversely affect our business, results of operations and financial condition. Further, there can be no assurance that our newly developed products will achieve commercial success. Even if such products can be successfully commercialised, there is no guarantee that they will be accepted widely by the market. In addition, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products. It is often difficult to project the time frame for developing new products and the duration of market demand for these products, there is a substantial risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested significant resources in the research and development of such product. Venturing into a new product line may require methods of operations and marketing and financial strategies, different from those currently employed in our Company. We cannot assure you that we will be able to successfully develop our new product lines. Further, we will be subject to the risks generally associated with new product introductions and applications, including unproven know-how, unreliable technology, inexperienced staff, and delays in product development and possible defects in products.

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

We have experienced significant growth in our revenue from operations and profitability in the last three Fiscals and anticipate that we will continue to potentially grow, expand into new geographies and take advantage of market opportunities. Our standalone revenue from operations has grown from ₹878.37 million in Fiscal 2013 to ₹2,440.74 million in Fiscal 2023, registering a CAGR of 10.76 % in last 10 years. Our PAT has grown from ₹66.68 million in Fiscal 2013 to ₹ 168.31 million in Fiscal 2023, registering a CAGR of 9.70% in last ten years.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy includes growing our product portfolio, strengthening our brand, deepening our penetration in existing markets and expanding our presence in select new territories and expanding our manufacturing capacities. For further information, see “Our Business – Strategies” on page 167 of this Draft Red Herring Prospectus.

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

To manage operations and personnel growth, we will need to continue to grow and improve our operational, financial, and management controls and our reporting systems and procedures. We will require significant funds and allocation of valuable management resources to expand our technology and infrastructure without any assurances that our net revenue will increase. Failure to manage our anticipated growth and organizational changes in a manner that preserves the key aspects of our culture could reduce our ability to recruit and retain personnel, innovate, operate effectively, and execute on our business strategy, potentially adversely affecting our business, results of operations, cash flows and financial condition.

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

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

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

Set forth below is certain information on our geography-wise domestic revenue from operations is on restated standalone financial statement for the periods indicated:

Zone	Break-up of total domestic revenue from operations (%)			
	For the period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
West	29.74%	26.46%	33.48%	27.15%
South	17.53%	24.73%	17.24%	25.02%
North	15.12%	11.78%	16.11%	12.90%
East	14.49%	14.49%	12.92%	11.78%
Central	15.21%	10.49%	11.98%	10.79%

We have historically derived a significant portion of our revenue from sales in the western and southern zone. For the period ended June 30, 2023, Fiscal 2023, 2022 and 2021 the revenue generated from sales in western and southern zone cumulatively represented 47.27%, 51.19%, 50.72% and 52.17% of our revenue from domestic sales. Accordingly, any materially adverse social, political or economic development, natural calamities, civil disruptions, regulatory developments or changes in the policies of the state or local government in this region could adversely affect our manufacturing and distribution activities, result in modification of our business strategy or require us to incur significant capital expenditure, which will in turn have a material adverse effect on our business, financial condition, results of operations, and cash flows. Further, our sales from this region may decline as a result of increased competition, regulatory action, pricing pressures, fluctuations in the demand for or supply of our products or services, or the outbreak of an infectious disease such as COVID-19. Our failure to effectively react to these situations or to successfully introduce new products or services in these markets could adversely affect our business, prospects, results of operations, financial condition, and cash flows. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

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

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

Our overall capacity utilization for Special Electrodes, Flux Cored wired, Wear Plates, Fabrication and Machining, Polymer composite are as follows:

Fiscal	Units	Special Purpose Electrodes	Flux cored wire	Cold Repair Compounds	Wear Plates & Wear Parts	Heavy Engineering Equipment
2020-21	Capacity	700 MTA	2220 MTA	189 MTA	3204 MTA	6000 MTA
	Production	435.3 MTA	936 MTA	17 MTA	1,845.26 MTA	4717 MTA
	Utilization	62.19%	42.16%	8.99%	57.59%	78.62%

2021-22	Capacity	700 MTA	2220 MTA	189 MTA	3204 MTA	6000 MTA
	Production	638.16 MTA	1324.37 MTA	17.35 MTA	2370.52 MTA	6198 MTA
	Utilization	91.17%	59.66%	9.18%	73.99%	103.30%
2022-23	Capacity	700 MTA	2220 MTA	189 MTA	3000 MTA	9000 MTA
	Production	532.65 MTA	1508.13 MTA	21.10 MTA	2457.82 MTA	7100 MTA
	Utilization	76.09%	67.93%	11.17%	76.71%	78.89%

As certified by M/s. Sandeep Mashru & Co., Independent Chartered Engineers vide their certificate dated December 05, 2023

For further information, see “Our Business - Capacity and Capacity Utilization” on page 241 of this Draft Red Herring Prospectus. The overall capacity utilization has decreased due to an increase in capex. These ratios are not indicative of future capacity utilization rates, which are dependent on various factors, including demand for our products, availability of raw materials, our ability to manage our inventory and improve operational efficiency. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short-term, could materially and adversely impact our business, growth prospects and future financial performance.

Our capacity utilization levels are dependent on our ability to carry out uninterrupted operations at our manufacturing facility, the availability of raw materials, industry/ market conditions, as well as by the product requirements of, and procurement practice followed by, our distributors. In the event we face prolonged disruptions at our facilities including due to interruptions in the supply of water, electricity or as a result of labour unrest, or are unable to procure sufficient raw materials, we would not be able to achieve full capacity utilization of our current manufacturing facility, resulting in operational inefficiencies which could have a material adverse effect on our business and financial condition. Our proposed expansion plans are based on demand forecasts that are subject to various assumptions including product trends in the industry and management estimates that are based on prevailing economic conditions. Adequate utilization of our expanded capacities is therefore subject to various factors beyond our control and in case of oversupply in the industry or lack of demand, we may not be able to utilise our expanded capacities efficiently. The success of any capacity expansion and expected return on investment on capital invested is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise and utilize the expanded capacities as anticipated. Please also see “Risk Factor no. 4 - *If there are delays in setting up the Proposed Facility or Proposed Expansion or if the costs of setting up and the possible time or cost overruns related to the Proposed Facilities or the purchase of plant and machinery for the Proposed Facilities are higher than expected, it could have a material adverse effect on our financial condition, results of operations and growth prospects.*” On page 40 of this draft red herring prospectus.

13. We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for such capital expenditure machinery.

We intend to utilise a portion of the Net Proceeds for funding our new manufacturing facility located at Hingna, Sonegaon District, Nagpur and funding capital expenditure requirements towards expansion of our existing manufacturing facility at Khapri (Uma), Nagpur, Maharashtra. Accordingly, orders worth ₹ 232.98 million, which constitute 100% of the total estimated costs of the machinery and equipment in relation to setting up the Proposed Facility and Proposed Expansion are yet to be placed. There can be no assurance that we will be able to place orders for such plant and machinery, in a timely manner or at all. We have not entered into any definitive agreements to utilize the Net Proceeds for these objects of the Issue and have relied on the quotations received from third parties for estimation of the cost. While we have obtained the quotations from various vendors in relation to such capital expenditure, most of these

quotations are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. Additionally, in the event of any delay in placement of such orders, the proposed schedule implementation and deployment of the Net Proceeds may be extended or may vary accordingly. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. For details, see “*Objects of the Issue*” on page 146.

The objects of the Issue have not been appraised by any bank or financial institution, and our funding requirement is based on current conditions, internal estimates, estimates received from the third party agencies and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Such internal estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws. In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements, and may have an adverse impact on our business, results of operations, financial condition and cash flows. Accordingly, investors in the Equity Shares will be relying on the judgment of our management regarding the application of the Net Proceeds. Further, pursuant to Section 27 of the Companies Act, any variation in the Objects of the Issue would require a special resolution of the shareholders and the promoter or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Issue, at such price and in such manner in accordance with applicable law.

Our Company, in accordance with the applicable law and to attain the objects set out above, will have the flexibility to deploy the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes described above, our Company may temporarily deposit the Net Proceeds within one or more scheduled commercial banks included in the Second Schedule of RBI Act as may be approved by our Board. We will appoint a monitoring agency for monitoring the utilization of Net Proceeds in accordance with Regulation 41 of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

14. *We require several approvals, licenses, registrations and permits for our business and are required to comply with certain rules, regulations and conditions to operate our business and failure to obtain, retain or renew such approvals and licences in a timely manner or to comply with the requisite rules, regulations and conditions may adversely affect our operations.*

Our operations are subject to government and statutory regulations, and we are required to obtain and maintain several permits, consents and regulations and approvals under central, state and local government rules in the geographies in which we operate, generally for carrying out our business. For details of approvals relating to our business and operations, see “*Government and Other Approvals*” on page 296.

Several of these approvals are granted for a limited duration. While we have obtained the necessary and material approvals, licenses, registrations and permits from the relevant authorities, there could be instances where we may not have applied, obtained or applied with a delay for certain requisite approvals applicable to us. For instance, while we have made applications to Maharashtra Pollution Control Board (“MPCB”), on March 01, 2019 (for Unit I), September 21, 2019 (for Unit II) and January 19, 2021 (for Unit IV) we did not have the necessary consents to operate at our Manufacturing Unit I under the pollution control laws for the period April 01, 2019, to October 31, 2019, Unit III under the pollution control laws for the period December 01, 2013 to August 25, 2013, December 01, 2015 to February 22, 2016 and December 01, 2021 to February 17, 2022, Unit II under the pollution control laws for the period March 01, 2021, to March 06, 2022, Unit IV under the pollution control laws for the period March 01, 2021, to March 06, 2022. We have however subsequently received renewals for consent to operate from time to time under the pollution control laws with respect to the above periods. In past, our production capacity has been in excess of the capacities, granted to us by MPCB under Consent to Operate (“CTO”) for Unit

IV manufacturing Heavy engineering for Fiscal 2022. Therefore, we have been in contravention of the Air Act, Water Act, and the Hazardous Waste Management Rules for operating our Manufacturing Facility over and above the authorised capacity as per the CTO granted by MPCB. While no further actions have been taken in relation to such violations mentioned above, we may, in the future, be subjected to regulatory actions for any violations including closure of our unit, imposition of penalties and other penal actions against our Company and key personnel, which may have a negative impact on our business, reputation, results of operations and cash flows. We also need to apply for renewal, from time to time, of some such approvals, licenses, registrations and permits, which expire or seek fresh approvals, as and when required, in the ordinary course of our business. While we generally apply for the renewal of approvals in a timely manner, we cannot assure that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be adversely affected. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, licenses, registrations and permits could adversely affect our related operations. Further, under such circumstances, the relevant authorities may initiate penal action against us, restrain our operations, impose fines/ penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all.

The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business. In addition, these registrations, approvals or licenses are liable to be cancelled or the manufacture or sale of products may be restricted. In case any of these registrations, approvals or licenses are cancelled, or its use is restricted, then it could adversely affect our results of operations or growth prospects.

15. *Most of our Directors do not have any prior experience of being a director in any other listed company in India.*

Our current Board comprises of six directors which includes Chairman and Managing Director, three non-executive independent directors and two non-executive non-independent directors. Most of our board of directors do have any prior experience of being a director in any other listed company in India. While our Board members are qualified and have relevant experience in their respective field, not having any prior experience as being a director in any other listed company in India may present some potential challenges to our Company in effectively meeting with good corporate governance norms and practices. Additionally, having lack of such experience amongst the board of directors may impact our Company's credibility and reputation among the investors and other stakeholders. For further details, please see chapter titled "Our Management" on page no. 371 of this Red Herring Prospectus.

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

Our Promoter, Mr. Prashant Garg has provided personal guarantee to secure our existing borrowings which are continuing and are in force as on the date of Draft Red herring Prospectus. As on this date, following were the bank guarantees extended by our Promoter as security for borrowings availed by our Company:

Name of the Lender	Amount of loan Sanctioned (in million)	Nature of Loan
HDFC Bank	300.00	Cash Credit and Bank Guarantee

Yes Bank	50.00	Bank Guarantee and Letter of Credit
DBS Bank	150.00	Overdraft/Cash Credit, Working Capital and Bank Guarantee
ICICI Bank	100.00	Cash Credit and Bank Guarantee

Additionally, Mr. Prashant Garg and Dr. Nitin Garg have provided a guarantee for securing borrowings of one of our promoter group entity namely, CENOS Health Care Private Limited from HDFC Bank Limited.

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

17. Robotics and automation are being deployed in welding industry capital good.

Our Company's operations are closely tied to the integration of robotics and automation within the welding industry's capital goods sector. While the adoption of advanced technologies offers notable benefits, investors should be cognizant of the inherent risks associated with this dependency.

Our Company's reliance on robotics and automation exposes it to the risk of technological obsolescence. Failure to stay abreast of industry innovations or an inability to adapt to emerging technologies may impact the Company's competitiveness and market share. The integration of robotics and automation in welding operations often requires substantial capital investments. The Company's financial performance may be subject to fluctuations in capital expenditure requirements, and any constraints in securing necessary funds for technological upgrades could impede the execution of strategic initiatives. The deployment of robotics and automation introduces complexities to operational processes. Unforeseen technical glitches, system failures, or cyber threats may disrupt manufacturing processes, leading to production delays, increased downtime, and potential financial losses. The successful implementation of robotics necessitates a skilled workforce proficient in operating and maintaining automated systems. A shortage of skilled personnel or challenges in workforce transition may hinder the Company's ability to fully capitalize on the benefits of automation, affecting operational efficiency. The utilization of robotics and automation in the welding industry is subject to evolving regulatory frameworks and safety standards. Non-compliance with these regulations may result in legal consequences, fines, or restrictions, impacting the Company's operations and financial standing. The Company's ability to navigate these risks, remain technologically agile, and address potential disruptions will significantly influence its long-term success in the welding industry's capital goods sector.

18. The shortage or non-availability of power may adversely affect our business, result of operations, financial conditions and cash flows.

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

Particulars	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ in million)	Percentage of Revenue from Operations (%)	Amount (₹ in million)	Percentage of Revenue from Operations (%)	Amount (₹ in million)	Percentage of Revenue from Operations (%)	Amount (₹ in million)	Percentage of Revenue from Operations (%)
Power Expenses	14.24	2.11	52.03	2.01	41.96	2.01	28.52	1.79

We have our manufacturing facility at Nagpur Industrial Area, Hingna, Nagpur, Maharashtra which depends on the delivery of an adequate and uninterrupted supply of electrical power. We have solar power supply for our Unit II which is located at N-78, N-79 Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra measuring 13,068.00 sq. mtrs. We rely upon diesel generator sets for certain units to ensure continuity of operations in case of power outage. There have been no major instances of power failure in the last three years. For further details, see “Our Business – Our Units” on page 241 of this Draft Red Herring Prospectus. There can be no assurance that electricity supplied to our existing manufacturing facility will be sufficient to meet our requirements or that we will be able to procure adequate and uninterrupted power supply in the future at a reasonable cost. If the per unit cost of electricity is increased by the state electricity board our power cost will increase. Any changes in government policies or local power and water shortages could adversely affect our production facility and ultimately our operations or financial condition may be adversely affected. A prolonged suspension in production could materially and adversely affect our business, financial condition, results of operations or cash flows.

19. Our Company had negative cash flows during certain fiscal years in relation to our operating, investing and financing activities. Sustained negative cash flows in the future would adversely affect our results of operations and financial condition

We have in the three preceding Fiscal Years, and may in future, experience negative cash flows from Operating, investing and financing activities. Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow, it may adversely affect our business and financial operations. We experienced negative cash flows in the following periods as indicated in the table below:

Particulars	(₹ in million)			
	Quarter ended June 30, 2023	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Net cash used/ generated from operating activities	133.32	(47.37)	110.51	118.72
Net cash used/ generated from investing activities	(60.26)	(133.73)	(152.02)	57.97
Net cash used/ generated from financing activities	(92.47)	195.78	25.33	(158.29)
Net increase/ (decrease) in cash and cash equivalent	(19.41)	14.68	(16.18)	18.52

We cannot assure you that our net cash flows will be positive in the future. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, prospects, results of operations and financial condition may be materially and adversely affected. For further details,

see “*Restated Consolidated Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 296 and 333, respectively.

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

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

- There have been errors in some of the returns of allotment filed by the Company with the RoC in the past. For instance, with regard to allotment dated September 04, 1989, the date of allotment has erroneously been stated in return of allotment (Form 2) as October 05 1989. Further, with regard to allotment dated November 09, 2003, the date of allotment has erroneously been stated as December 01, 2003 instead of November 09, 2003.
- Our Board at their meeting held on August 9, 2014 appointed Ajay Jain and Anita Vijaykar as Independent Directors of the Company for a period of 5 years and their appointment was approved by the shareholders at their Annual General Meeting held on September 22, 2014. However, due to an inadvertent error, the e-Form DIR-12 and the attachments thereto filed by the Company on November 12, 2014 mentioned the period of appointment as three (3) years instead of five (5) years. Our Company had filed an application dated November 24, 2023 before the Registrar of Companies, Maharashtra at Mumbai for rectification of the aforesaid e-Form DIR-12. The Registrar of Companies, Maharashtra at Mumbai has vide its letter dated December 22, 2023 marked the e-Form DIR-12 dated November 12, 2014 as defective and advised our Company to file the e-Form afresh with fee and additional fee, as applicable, after rectifying the defects or incompleteness therein within a period of thirty days from the date of this notice. Consequently, our Company is in the process of re-filing the e-DIR-12.
- Prashant Garg was appointed as an Additional Director on November 09, 2003, but Form 32 was not filed for regularizing his appointment at the ensuing Annual General Meeting held on September 04, 2004.
- Our Company has not filed Form CHG-1 and CHG-4 with RoC with respect to a vehicle loan of ₹7.3 million taken in the year 2018 and repaid by 2022. Similarly, our Company has defaulted in filing Form 8 with RoC with respect to a vehicle loan of ₹1.3 million which was sanctioned to our Company in the year 2005.
- The Company had defaulted in filing the Form BEN-2 with the RoC pertaining to Significant Beneficial Ownership (SBO) in respect of shares held by NK Garg HUF. Subsequently, pursuant to change in Significant Beneficial Owner (i.e. from Narendra Kumar Garg to Dr. Nitin Garg as Karta), Form BEN-2 has been filed by our Company with RoC on December 15, 2023 with a delay.
- Our Company has delayed in filing Form 23/Form MGT-14 for the special resolution passed with regard to the approval accorded by the shareholders of our Company for issuance of sweat equity shares during the fiscal 2008. MGT-14 filed with regard to the resolution passed at the general meeting held on September 30, 2020 with regard to the appointment of Prashant Garg as the Managing Director of our Company; and multiple MGT-14s filed for holding general meeting through video conferencing in accordance with applicable MCA Circulars.
- Our Company has inadvertently failed to transfer unclaimed dividend of ₹ 0.01 million to Investor Education Protection Fund in September 2012 in accordance with Section 205C of the Companies Act, 1956. The said dividend was subsequently paid to the relevant Shareholders in March 2013.
- Our Company has inadvertently recorded the transfer of 200 Equity Shares on February 05, 2019 which were in physical form which is not in compliance with the provisions of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014. Subsequently, our Company has facilitated dematerialization of these shares.

Although, no regulatory action, fine or penalty has been taken/ levied on our Company for the abovementioned purported default / non-compliance, however, it cannot be assured that no such regulatory action, fine or penalty will be taken/ levied in the future. Further, we cannot assure you that

such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our Company or its directors/ officers in relation to the same, our business and financial condition could be adversely affected.

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

The authorised share capital of Diffusion Super Conditioning Services Private Limited has been wrongly recorded in its annual filings with the RoC as 5,000 shares divided into 5,000 Equity Shares of ₹100/- each instead 5,000 shares divided into 1,000 10% Cumulative Preference Shares of ₹ 100/- each and 4,000 Equity Shares of ₹100/- each.

Further, with regard to 5,000 equity shares allotted on July 19, 2013 to HERNON Manufacturing Inc. by Diffusion HERNON Adhesive and Sealant Private Limited ("DHASPL"), DHASPL is unable to trace the Form FC-GPR filed by it with RBI. We have relied on other documents, The authorised share capital of Diffusion Super Conditioning Services Private Limited has been wrongly recorded in its annual filings with the RoC as 5,000 shares divided into 5,000 Equity Shares of ₹100/- each instead 5,000 shares divided into 1,000 10% Cumulative Preference Shares of ₹ 100/- each and 4,000 Equity Shares of ₹100/- each.

Further, with regard to 5,000 equity shares allotted on July 19, 2013 to HERNON Manufacturing Inc. by Diffusion HERNON Adhesive and Sealant Private Limited ("DHASPL"), DHASPL is unable to trace the Form FC-GPR filed by it with RBI. We have relied on other documents, including their annual filing for reporting their shareholding in this Draft Red Herring Prospectus. We cannot assure you that the abovementioned form was filed with RBI or that the same would be available in the future.

Although, no regulatory action, fine or penalty has been taken/ levied on our subsidiary companies for the abovementioned purported default / non-compliance however, it cannot be assured that no such regulatory action, fine or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our subsidiary company or its directors/ officers in relation to the same, our business and financial condition could be affected. you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our subsidiary company or its directors/ officers in relation to the same, our business and financial condition could be affected. ited has been wrongly recorded in its annual filings with the RoC as 5,000 shares divided into 5,000 Equity Shares of ₹100/- each instead 5,000 shares divided into 1,000 10% Cumulative Preference Shares of ₹ 100/- each and 4,000 Equity Shares of ₹100/- each.

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

- 22. We may not be able to adequately protect or continue to use our intellectual property. In addition, the use of our brands or similar trade names by third parties could have a material adverse effect on our business growth and prospects, financial condition, results of operations and cash flows.**

We currently sell our products in India through a network of distributors, who further distribute our products to the end-use customers. We sell our products under various brand labels including but not limited to “DIFFUSION”, “DIFFCOR”, “CORODUR” and “SOP”. We have registered certain trademarks in India and may apply for further registrations in the future. The registration of intellectual property including trademarks is a time-consuming process and there can be no assurance that any registration applications we may pursue will be successful and that such registration will be granted to us. If we fail to register the appropriate intellectual property, or our efforts to protect relevant intellectual property prove to be inadequate, the value attached to our brand and proprietary property could deteriorate, which could have a material adverse effect on our business growth and prospects, financial condition, results of operations and cash flows. In particular, the use of “Diffusion” or similar trade names by third parties may result in confusion among our customers and we are exposed to the risk that entities in India and elsewhere could pass off their products as our products, including spurious or imitation or look-alike products. For instance, ‘Diffusion Welding Supplies Limited’ in Nairobi, Kenya and ‘Diffusion Wear Solutions Limited’ in Uganda are associated with us as our distributors who are otherwise unrelated to our Promoters, Promoter Group and our Company. Our Company has not entered into any agreement with these distributors for allowing them to use the name ‘Diffusion’. Any imitation or spurious products or any negative publicity about such entities may not only result in loss of sales but also adversely affect the reputation of our brand and consequently our future sales and results of operations.

- 23. We Operate our Manufacturing Facilities that are held by us on leasehold basis. In the event we lose or are unable to renew such leasehold rights, our business, results of operations, financial condition, cash flows and prospects may be adversely affected.**

We operate our Manufacturing Facilities from three units that are held by us on, on leasehold basis, details whereof are as under:

Particulars	Term	Licensor	Relationship with Licensor
Unit I: T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra, India admeasuring 2,000.00 sq. mtrs	95 years from July 12, 1988 for T-6	MIDC	None
Unit II: N-78 & N-79, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra, India admeasuring 13,068.00 sq. mtrs.	95 years from July 01, 1992 for N-78 and from April 01, 1983 for N-79	MIDC	None
Unit III: T-12, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra, admeasuring 1,000.00 sq. mtrs	95 years from November 01, 1982	MIDC	None

These leases are subject to several conditions, some of which could be onerous and failure to adhere to or comply with such conditions which may lead to termination, revocation or suspension of the relevant lease. We cannot assure you that we will not default with the terms and conditions of the lease. For instance, we have sublet a portion of our Unit I and III to our subsidiaries without taking prior approval from MIDC. We have on December 2, 2023 and December 21, 2023 made applications to MIDC for seeking approval to sublet a portion of Unit I and Unit III to our subsidiaries. We cannot assure you that such approval will be granted by MIDC or that it will not be approved subject to conditions, some of which may be onerous. We cannot assure you that we shall continue to be able to operate out of our

existing premises or renew our existing licenses at favourable terms or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements and we cannot assure that the new arrangements will be on commercially acceptable terms. We may also face the risk of being evicted in the event that our landlords allege a breach on our part of any terms under these lease agreements and there is no assurance that we will be able to identify suitable locations to re-locate our operations. Moreover, we may face significant increases in the lease rental rates. We cannot assure you that we may be able to do so in a timely manner. If we lose our rights on leased properties or are required to negotiate terms or to relocate our business operations or shut down our manufacturing facilities, we may suffer a disruption in our operations or have to pay increased charges, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition.

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

Our manufacturing activities are labour intensive and expose us to the risk of various labour related issues. Whilst we have not faced any strike by our workforce, we cannot assure you that we will not be subject to work stoppages, strikes, lockouts or other types of conflicts with our employees or contract workers in the future. The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. As of November 30, 2023, we employed about 183 workmen and 440 employees across our production unit. We do not have any trade union registered under the Trade Unions Act, 1926. In the past three years, we have not experienced any labour dispute except the ongoing dispute with labour, details whereof have been disclosed in chapter titled “*Outstanding Litigations and Material Developments*” on page 365. We do not have any formal policy for redressal of labour disputes. Shortage of skilled/ unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. We may also have to incur additional expenses to train and retain skilled labour. We are also subject to a number of stringent labour laws that protect the interests of workers, including legislation that imposes financial obligations on employers upon retrenchment. There can be no assurance that we will not experience labour unrest in the future, which may delay or disrupt our operations. In the event of any prolonged delay or disruption of our business, results of operations and financial condition could be materially and adversely affected.

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

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

We are subject to environmental, health and safety and other regulatory and/ or statutory requirements in the jurisdictions in which we operate. Our manufacturing processes and products are subject to stringent quality, environmental and occupational health and safety standards. We are subject to various national, state, municipal and local laws and regulations concerning environmental protection in India. In India, these include the Factories Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970, Payment of Wages Act, 1936, etc. A failure by us or our contractors to comply with the relevant labour regulations, could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products. We may be involved in future litigation or other proceedings or be held liable in any litigation or proceedings including in relation to labour, safety, health and environmental matters, the costs of which may be significant. Environmental laws and regulations in India are becoming more stringent and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any

change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment and emissions management.

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

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

As of the date of this Draft Red Herring Prospectus, our Company has 60 registered trademarks in India under the Trade Marks Act, 1999. These include registrations in respect of certain of our key brands and logos, including, but not limited to “DIFFUSION”, “DIFFCOR”, “CORODUR” and “SOP”. For further information, see “Government and Other Approvals – Intellectual Property Rights” on page 374. In the absence of trademark and copyright registrations, we may not be able to initiate an infringement action against any third party who may be infringing our trademarks. With respect to our trademarks that have been applied for and/or objected or opposed, we cannot assure you that we will be successful in such a challenge nor can we assure that eventually our trademark and copyright applications will be approved, which in turn could result in monetary loss or prevent us from selling our products under these trademarks and copyright. As a result, we may not be able to prevent infringement of our trademarks and copyright and a passing off action may not provide sufficient protection until such time that this registration is granted.

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

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

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties. For further information on our related party transactions, please see “Note 37 – Related Party Transactions” in the chapter titled “Restated Consolidated Financial Statements” on page 324. While that all such related party transactions that we have entered into are conducted on an arms’ length basis in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and

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

28. *As on date of this Draft Red Herring Prospectus, 54,304 Equity Shares are held in physical form by some of our Shareholder. Further, 325,824 Equity Shares issued to such Shareholders pursuant to the issue of bonus shares on November 29, 2023, has not been credited to their respective demat account, due to non-availability of their demat account details.*

As on the date of this Draft Red Herring Prospectus, our Company has nine Shareholders who hold 54,304 Equity Shares in physical form, which have not been dematerialized. Further, 325,824 Equity Shares issued to the abovementioned one Shareholder pursuant to the bonus issuance made on November 29, 2023 ("Bonus Issue") have not been credited to their demat account, as the details of the demat account of such Shareholders have not been provided by such Shareholders and are not available with our Company. While our Company has made attempts to facilitate dematerialization of shareholding, we cannot assure you that such Equity Shares will be dematerialized by these Shareholders. In respect of these Shareholders, we had credited the equity shares resultant from the Bonus Issue of Equity Shares to a separate demat account. We cannot confirm when and if these Equity Shares will be dematerialized by the aforementioned Shareholders.

29. *Conflict of interest may arise as some of our Group Companies and Subsidiaries are authorized to carry on similar line of business as our Company which may lead to real or potential conflicts of interest for our Promoters or Directors*

Our Subsidiaries namely, Diffusion Super Conditioning Services Private Limited, Nowelco Industries Private Limited and Diffusion Wear Solutions Philippines Inc and Group Companies namely Mecdiff Sdn Bhd and Benvira Forward Algorithms Private Limited are engaged in a business similar to ours. For instance, our subsidiary Nowelco Industries Private Limited is engaged in the business of manufacturing commodity-based electrodes. Therefore, there may be conflict of interest in allocating business opportunities between us, our Subsidiaries and our Group Company. We cannot assure you that there will not be any conflict of interest between our Company, our Subsidiaries and such Group Company in future. We have not entered into any non-compete agreements with such Subsidiaries and Group Company and there can be no assurance that such entities will not compete with our existing business or any future business that we might undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business and financial performance. While necessary procedures and practices may be adopted as permitted by law to address any instances of conflict of interest, if and when they may arise, we cannot assure you that these or other conflicts of interest will be resolved in an impartial manner.

30. *We have been unable to locate certain of our historical corporate records.*

Our Company was incorporated in 1982 and certain documents by us with the RoC and certain corporate records and documents, are not traceable. The secretarial records such as certain past allotments of Equity Shares made by our Company, share transfer forms, could not be traced as the relevant information was not available in the records maintained by our Company, at the MCA Portal maintained by the Ministry of Corporate Affairs and the RoC. Consequently, a complaint with regard to the missing documents was lodged before the Duty Officer Police Station, MIDC, Nagpur on November 11, 2023. These corporate records and form filings include but are not limited to: (i) Form 2 and other allotment related data in respect of allotment of equity shares of the Company during the year 1983, 1985, 1987, 1991, 1992, 1993, 1994, 1995, 1996, 1997; (ii) Form 23 filed in accordance with the provisions of section 192 of the Companies Act, 1956 from the year 1982 to the year 2005 except for forms filed with regard to resolutions passed on

May 15, 1996, June 15, 2001, August 11, 2005, August 25, 2006; (iii) share transfer forms in relation to the share transfers undertaken by the shareholders of the Company prior to or during 1999 and also during the fiscals 2015 and 2016; (iv) annual returns of the Company from the year 1983 to the year 1988 and for the years 1991, 1993, 1996, 1997, 1998; (v) Form 32 filed with regard to changes in the Board of Directors of our Company as per the provisions of the Companies Act, 1956 from the year 1982 to the year 2005 except for forms filed with regard to change in the Board composition effective from November 11, 2003; (vi) The Equity Shares allotted by way of bonus issue on March 31, 1992 and November 17, 2008 were issued on selective basis to a limited number of shareholders. Our Company is unable to find the documents with regard to the waiver letters, if any issued by the shareholders to whom bonus shares were not allotted by the Company; (vii) Form 8 and Form 17 with regards to charges from the year 1982 to the year 2006. While we have conducted searches of our records at our Company's offices, on the MCA portal maintained by the Ministry of Corporate Affairs, we have not been able to trace the aforementioned corporate records. In this regard, we have also relied on the search report dated December 21, 2023 prepared by Madhav Kawade, an independent Practicing Company Secretary, which was prepared basis their physical search of the documents available with the Registrar of Companies and search of the information and records available on the portal of the Ministry of Corporate Affairs. Accordingly, we have included the details of the build-up of the share capital of the Company and the build-up of the Promoters' shareholding in our Company in this DRHP, by placing reliance on other corporate records such the resolutions passed by the Board and Shareholders, where applicable and available, annual returns filed by our Company, to the extent available, the register of members and register of transfers, maintained by our Company and board resolutions noting share transfers, for our disclosures. Further, in addition to our corporate identity number U99999MH2000PLC124154 we have been allotted corporate identity numbers U99999MH1982PTC028644 and U00339KA1988PLC008957 in the past.

We cannot assure you that the filings were made in a timely manner or at all. We cannot assure you that, in future, we will not be subjected to any liability on account of non-availability of such records. Although no legal proceedings or regulatory actions have been initiated or pending against us in relation to such untraceable secretarial and other corporate records and documents, if we are subject to any such liability, it may have a material adverse effect on our reputation, financial condition, cash flows and results of operations. Further, there can be no assurance that there will be no such delays or non-compliances in the future and our Company will not be subject to adverse actions by the authorities.

31. *There are outstanding litigations involving our Company, Promoters and our Directors. Any adverse outcome in any of these proceedings may adversely affect our reputation, results of operations and financial condition.*

Our Company, and our Directors are involved in certain outstanding legal proceedings, which are pending at different levels of adjudication at different fora. The summary of outstanding litigation involving our Company, Promoters, and Directors as on the date of this Draft Red Herring Prospectus have been provided below in accordance with the materiality policy adopted by our Board.

As of the date of this Draft Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Companies, the outcome of which could have a material impact on our Company. For details, please see "*Outstanding Litigation and Material Developments*" on page 365.

Name of the Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or stock exchanges against our Promoter	Material civil litigations	Aggregate amount involved (INR in Million)
Company						

Name of the Entity	Criminal proceedings	Tax proceedings	Statutory or regulatory proceedings	Disciplinary actions by SEBI or stock exchanges against our Promoter	Material civil litigations	Aggregate amount involved (INR in Million)
By the Company	5	1	-	-	-	0.75
Against the Company	-	-	2	-	-	130.45
Directors						
By the Directors	-	-	-	-	-	-
Against the Directors	-	1	-	-	-	0.01
Promoters						
By the Promoters	-	-	-	-	-	-
Against the Promoters	-	2	-	-	-	2.90
Subsidiaries						
By the Subsidiaries	-	-	-	-	-	-
Against the Subsidiaries	-	-	-	-	-	-

There can be no assurance that these proceedings will be decided in favour of our Company, Promoters or our Directors, as the case may be. In addition, we cannot assure you that no additional liability will arise out of these proceedings that could divert our management's time and attention and consume financial resources. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. Any adverse order or direction in these cases by the concerned authorities even though not quantifiable, may have an adverse effect on our business, results of operations and financial condition. If any new proceedings are initiated or new developments arise, such as change in law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities

Furthermore, if we get involved in disputes with third-parties in the course of our operations such as suppliers, customers and sub- contractors, the same may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule, and the diversion of resources and management's attention, regardless of the outcome. We may also have disagreements with regulatory authorities in the course of our operations, which may subject us to legal proceedings and unfavourable decisions that may result in penalties or delay or disrupt our development and operations.

32. Our Company gives heavy equipment on a lease basis business model.

Our Company's business model includes leasing of heavy equipment, which constituted a miniscule portion of our revenue from operations for the three month period ended June 30, 2023 and for last three Fiscals. While this approach offers various advantages, including revenue diversification and enhanced asset utilization, potential risks associated with this business model should be carefully The authorised share capital of Diffusion Super Conditioning Services Private Limited has been wrongly recorded in its annual filings with the RoC as 5,000 shares divided into 5,000 Equity Shares of ₹100/- each instead

5,000 shares divided into 1,000 10% Cumulative Preference Shares of ₹ 100/- each and 4,000 Equity Shares of ₹100/- each.

Further, with regard to 5,000 equity shares allotted on July 19, 2013 to Hernon Manufacturing Inc. by Diffusion Hernon Adhesive and Sealant Private Limited (“DHASPL”), DHASPL is unable to trace the Form FC-GPR filed by it with RBI. We have relied on other documents, including their annual filing for reporting their shareholding in this Draft Red Herring Prospectus. We cannot assure you that the abovementioned form was filed with RBI or that the same would be available in the future.

Although, no regulatory action, fine or penalty has been taken/ levied on our subsidiary companies for the abovementioned purported default / non-compliance however, it cannot be assured that no such regulatory action, fine or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our subsidiary company or its directors/ officers in relation to the same, our business and financial condition could be affected. considered by investors. The demand for heavy equipment leasing is closely tied to economic conditions and industry cycle. Economic downturns, recessionary periods, or adverse changes in industry dynamics may result in decreased demand for leasing services. Any prolonged economic downturn or downturns in specific industries could adversely affect the Company's financial performance and cash flows. Leased heavy equipment is subject to wear and tear, requiring regular maintenance The authorised share capital of Diffusion Super Conditioning Services Private Limited has been wrongly recorded in its annual filings with the RoC as 5,000 shares divided into 5,000 Equity Shares of ₹100/- each instead 5,000 shares divided into 1,000 10% Cumulative Preference Shares of ₹ 100/- each and 4,000 Equity Shares of ₹100/- each.

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Although, no regulatory action, fine or penalty has been taken/ levied on our subsidiary companies for the abovementioned purported default / non-compliance however, it cannot be assured that no such regulatory action, fine or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our subsidiary company or its directors/ officers in relation to the same, our business and financial condition could be affected. Shares of ₹100/- each.

Further, with regard to 5,000 equity shares allotted on July 19, 2013 to Hernon Manufacturing Inc. by Diffusion Hernon Adhesive and Sealant Private Limited (“DHASPL”), DHASPL is unable to trace the Form FC-GPR filed by it with RBI. We have relied on other documents, including their annual filing for reporting their shareholding in this Draft Red Herring Prospectus. We cannot assure you that the abovementioned form was filed with RBI or that the same would be available in the future.

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

in relation to the same, our business and financial condition could be affected. tion over time. As part of the leasing process, we also undertake the obligation to undertake maintenance and repairs of the equipment leased. Unforeseen maintenance costs or a rapid decline in the residual value of the equipment could impact the profitability of the leasing business. Our inability to perform our obligations under the contract can subject us to liquidated damages. Further, payment default by the lessee during the term of the lease may have an adverse impact on our financial performance. The Company may face pricing pressure from competitors. Intense competition could lead to lower leasing rates and reduced profit margins, adversely affecting the Company's financial results. Rapid technological advancements in heavy equipment may render existing leased assets obsolete. The Company may need to invest in upgrading its equipment to remain competitive and meet evolving customer demands. Failure to adapt to technological changes could impact the attractiveness of the leased equipment, affecting the Company's ability to retain and attract lessees. The industry's rapid technological evolution may render existing leased assets obsolete, compelling the Company to invest in upgrades to remain competitive, failure of which could affect equipment attractiveness and lessee retention. Prospective investors should exercise diligence in assessing these nuanced considerations.

33. *Our business is dependent on income from job work. The loss of income from companies outsourcing from us may have a material and adverse effect on our business and results of operations.*

The job work income is 13.45%, 6.38%, 9.24% and 9.89% of our total sales for Quarter ended June 30, 2023, year ended March 31, 2023, March 31, 2022 and March 31, 2021 respectively. There is no assurance that we will be able to get the job work from companies in future, as they themselves may decide to do in-house manufacturing of the work they outsource to us. The loss of this income from job work will have material and adverse effect on our business and results of operations.

Further, increase in competition may lead to our competitors establishing exclusive arrangements with our customers due to which we may lose our customers. Additionally, to compete effectively in the manufacturing industry, we must be able to fulfil our customers' changing preferences in a timely manner. Price and time for performance resulting from such changes are equitably adjusted by our customers based on supply of documentation in such form and detail as required by them. Consequently, we are exposed to the risk that our submissions or requests as to price adjustments or delivery schedules or otherwise may not be agreed to by our customers or our customers may not accede to provide consents sought by us. Any such significant operational constraint may adversely affect our business, financial condition, results of operations and cash flows. We cannot assure you that the delays or disruption in the supply of product requirements or failure to meet their obligations in the future or that we will be able to adequately address such delays, disruptions and non-availability of supply of products adequately and in a timely manner, which in turn could impact our revenues of operations.

Since we are dependent on certain key customers for a certain portion of our sales in our business, the loss of any of such customers or a reduction in demand from such customers, for any reason, including due to loss of contracts, delay in fulfilling existing orders, failure to negotiate acceptable terms in negotiations, disputes or a loss of market share or a downturn in such customers' business, if not suitably replaced with another customer, could adversely affect our business, financial condition and results of operations. If our customers do not continue to outsource manufacturing to us or reduce the quantities ordered from us, our business, operations, prospects or financial results maybe materially and adversely affected.

34. *The average cost of acquisition of Equity Shares for our Promoters may be lower than the Issue Price.*

The average cost of acquisition of Equity Shares for our Promoters may be lower than the Issue Price. The details of the average cost of acquisition of Equity Shares held by our Promoters as at the date of the Draft Red Herring Prospectus is set out below.

Name	Number of Equity Shares	Average Cost of Acquisition per Equity Share (in ₹)*
Prashant Garg	10,379,551	10.11
Dr. Nitin Garg	6,876,254	3.31
Chitra Garg	6,130,971	6.58
Prashant Garg and Neelu Garg	65,548	18.48
Dr. Nitin Garg and Renuka Garg	526,967	6.11

* As certified by PGS & Associates, Chartered Accountants by way of their certificate dated December 21, 2023.

For more details regarding weighted average cost of acquisition of Equity Shares by our Promoters and build-up of Equity Shares by our Promoters in our Company, see “Summary of the Offer Document – Average cost of acquisition” on page 34.

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

We currently import some portion of our raw materials from China, United Kingdom, Italy, Singapore, Germany etc. We primarily dependent on a few suppliers from China, United Kingdom, Italy, Singapore, Germany etc. for these products, which cannot be replaced easily. The raw material imports are regulated by certain specific laws and regulations that permit concerned authorities to stop any import if it is deemed that the goods proposed to be imported may be hazardous. While the raw materials we import may not be hazardous in nature, we cannot assure you that such regulations will not be made applicable to us or that such regulations will not evolve into more stringent regulations, which would place onerous requirements on us and consequently restrict our ability to import raw materials. While we have not in the recent past experienced any challenges in importing such materials, we cannot assure you that we will not experience any such challenges in the future. For the period ended June 30, 2023, Fiscal 2023, Fiscals 2022 and Fiscal 2021, our purchase of imported raw materials and components consumed amounts to ₹ 47.28 million, ₹ 254.23 million, ₹179.59 million and ₹116.60 million, representing 12.53%, 17.48%, 14.72% and 17.96%, respectively, of our total raw material purchase on restated standalone financial statement. If the available supply of such parts is insufficient to meet the needs of our business or if there is an interruption in supply from our international suppliers, including due to any unanticipated outage, shutdown and/or suspension of production at their facilities, change in political relationship or implementation of laws and policies impacting our relationship with our international suppliers, our ability to manufacture and sell our products could be limited due to such sudden shortage of parts in the market which could result in order cancellations for our products and have an adverse effect on our business and results of operations. We are unable to assure you that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. Any restriction on import of raw materials could have an adverse effect on our ability to deliver products to our customers, business and results of operations.

36. We are dependent on a few customers for a portion of our revenues. Further we generally do not enter into long-term arrangements with our customers and any failure to continue our existing arrangements could adversely affect our business and results of operations.

Our sales are concentrated to a few customers for a portion of our revenues. The table below sets out sales from our top 5 customers and top 10 customers, including as a percentage of our revenue from operations are on restated standalone financial statement, for the period mentioned below:

Particulars		For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
		Amount (₹ in million)	(%)	Amount (₹ in million)	(%)	Amount (₹ in million)	(%)	Amount (₹ in million)	(%)
Top 5 customers	5	149.43	5.86%	494.38	19.40	459.09	22.44	436.64	28.12
Top 10 customers	10	221.65	8.70%	755.36	29.64	651.35	31.84	524.67	33.79

Some of our customers are our related parties and have been disclosed in “*Note 37 – Related Party Transactions*” in the chapter titled “*Restated Consolidated Financial Statements*” on page 324 of this Draft Red Herring Prospectus. We generally do not have any long-term or exclusive arrangements with any of our customers and we cannot assure you that we will be able to sell the quantities we have historically supplied to such customers. In the event our competitors’ products offer better margins to such customers or otherwise incentivize them, there can be no assurance that our customers will continue to place orders with us. Most of our transactions with our customers are typically on a purchase order basis without any commitment for a fixed volume of business. There can also be no assurance that our customers will place their orders with us on current or similar terms, or at all. Further, our customers could change their business practices or seek to modify the terms that we have customarily followed with them, including in relation to their payment terms. While we negotiate product prices and payment terms with our customers, in the event our customers alter their requirements, it could have a material adverse effect on our business growth and prospects, financial condition, results of operations and cash flows. In addition, our customers may also cancel purchase orders at short notice or without notice, which could have an impact on our inventory management. In the event of frequent cancellations of purchase orders, the same could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Although our Company maintains long-term relationship with our major customers, there can be no assurance that we will continue to maintain such relationship with our customers in the future. Further, in the event our customers experience any delays in placing orders with us, or if they prefer to buy the products of our competitors, it could have a material adverse effect on our business growth and prospects, financial condition, results of operations and cash flows. Our inability to maintain our existing customer network could have a negative impact on our sales, business growth prospects, result in slowdown of operation, financial conditions and cash flows. Further, the performance of our customers, their sales network and their ability to expand their businesses are crucial to the future growth of our business and directly affect our sales volume and profitability. If our relationships with our customers are affected, our profitability could be significantly affected.

37. *There may be problems with the products we manufacture that could result in liability claims against us, reduced demand for our products and damage to our reputation.*

We manufacture and sell welding consumables, wear plates and heavy engineering equipment for core industries and provide repair and reconditioning services of heavy machinery and equipment based on our customers’ specifications, many of which are highly complex, particularly when catering to end-use industries such as cement, steel, sugar and power, that have higher risk profiles. Despite our quality control and quality assurance efforts, problems may occur, or may be alleged, in the design or manufacturing of these products, including as a result of business continuity issues. Any failure on our part to manufacture above mentioned products as per client requirements could result in a claim against us for substantial damages, regardless of our responsibility for such a failure or defect.

Whether or not we are responsible for the problems in the products we manufacture, be it real or alleged, or caused by faulty customer specifications, or in the manufacturing or design processes, servicing, or a component defect, may result in delayed shipments to our customers or, reduction or cancellation of customer orders. If any such problems were to occur in large numbers or too frequently, our business reputation may also be affected. These potential claims may include damages for the recall of a product or injury/bodily harm and other damages caused to person or property.

We may also be required to repair the defective product or replace it with a new conforming product and the costs may also be required to be borne by us, or if they are borne by the customer, may be capped. The successful assertion of any claim could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

While we seek to secure contractual protection and/or to insure against many of these risks, we may not have practical recourse against certain suppliers, and contractual protections, insurance coverage or supplier warranties, as well as our other risk mitigation efforts, may be inadequate, costly, or unavailable. Further, while we have not faced such a situation in the past three Fiscals and the current Fiscal, we may incur costs defending claims in the future, and any such disputes could adversely affect our business relationships.

We cannot assure you that any product defects will not arise in the future, whether on our account or on account of defective components provided by a supplier. If such cases arise, our customers may cancel orders, refuse to renew contracts, make adverse claims against us which, if litigated, may be decided against us. Any future product defects or defaults may have a material adverse impact on our business, results of operations, financial condition, cash flows and future prospects.

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

We have entered into agreements with banks for short-term and long-term borrowings. As of June 30, 2023, we had Total Borrowings (consisting of borrowings under non-current liabilities, current maturities of long-term debts and borrowings under current liabilities) of ₹ 394.48 million, respectively, which comprises of secured loans from HDFC Bank, unsecured loans and vehicle loans. Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to manage our business operations and generate sufficient cash flows to service such debt. Certain agreements that we have entered into contain restrictive covenants, including requirements that we obtain consent from the lenders prior to undertaking certain matters such as availing any changes in capital structure, formulate any scheme of amalgamation or reconstruction, fresh credit facility, giving fresh loans and advances, opening/maintaining new bank accounts issuing corporate guarantee etc. Any failure to service such indebtedness, or otherwise perform any obligations under such financing agreements may lead to a termination of one or more of our credit facilities or incur penalties and acceleration of payments under such credit facilities, which may adversely affect our business and financial condition. Further, any fluctuations in the interest rates may directly impact the interest costs of such loans and could adversely affect our financial condition. Additionally, we are required to, among other obligations, comply with certain financial covenants including maintaining the prescribed inventory margins, insurance covers on the hypothecated properties and lien creation. Our hypothecated assets comprise of our stock of raw materials, semi-finished and finished goods, consumable stores and spares and such other movable current assets including book debts, bills whether documentary or clean, outstanding monies, receivables, both present and future. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain necessary consents to take the actions that we are required to operate and grow our business. Any fluctuations in the interest rates may directly impact the interest costs of such loans, and affect our business, financial condition, results of operations and prospects. Our ability to make repayments and refinance our indebtedness will depend on our continued ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt.

Our financing agreements also generally contain certain financial covenants including the requirement to maintain, among others, specified debt-to-equity ratios. In addition, lenders under our credit facility could foreclose on and sell our assets if we default under our credit facilities. For further information including in relation to hypothecated properties, please see “*Financial Indebtedness*” beginning on page 362 of this Draft Red Herring Prospectus.

39. *There have been some instances of incorrect or delayed filings under the RBI Regulations in the past which may attract penalties.*

There have been instances of delays in filings Form FC-TRS with the RBI (i) for transfer of 10,000, 75,000, 30,000, 50,000, 50,000 Equity Shares from Manfred Kluge to our Promoter, Prashant Garg on November 10, 2009, August 21, 2013, August 10, 2016, January 20, 2017, March 24, 2017 respectively; (ii) for transfers of 10,000 and 30,000 Equity Shares from Manfred Kluge to our Promoters, Chitra Garg and Dr. Nitin Garg on November 10, 2009 and December 21, 2016, respectively; (iii) for transfer of 22,514 and 25,000 Equity Shares from Marion Busch and Steffanie Kummerow, respectively to our Promoter, Prashant Garg on August 21, 2013; and (iv) for transfer of 120,115 Equity Shares from Manfred Kluge to Narendra Kumar Garg on November 10, 2009. The onus of submitting Form FC-TRS within the prescribed timeframe is on the transferor / transferee, resident in India. In Form ODI filed by our Company with respect to remittance made by it to LSN Diffusion Limited, our associate Company on October 10, 2013, the financial commitment currency has been inadvertently reported as Pound Sterling instead of USD. For the purpose of this Draft Red Herring Prospectus, we have relied on documents such as bank statements for disclosing the Company’s investment in LSN Diffusion Limited.

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

40. *Industry sensitive to general economic downturn*

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

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

In the dynamic landscape of the engineering business, one of the formidable challenges arises from competition in the unorganized sector. We operate in the welding and anti-wear consumables, wear plates/wear parts and heavy engineering equipment industry which is competitive and fragmented and we compete with a range of unorganized players, at the national and regional level. Further, while we have an expanding portfolio of products, our competitors may have the advantage of focusing on concentrated products. Further, we compete against established players also, which may have greater access to financial, technical and marketing resources and expertise available to them than us in the products and services in which we compete against them.

Further, industry consolidation may affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we compete. Our competitors may further affect our business by entering into exclusive arrangements with our existing or potential clients. There can be no assurance that we will be able to compete successfully against such competitors or that we will not lose our key core employees, associates or clients to such competitors. Additionally, our ability to compete also depends in part on factors outside our control, such as the availability of skilled resources, pricing pressures in the staffing industry and the extent of our competitors' responsiveness to their client's needs. Our continued success depends on our ability to compete effectively against our existing and future competitors. With the potential entry of new competitors, given the low entry barriers in the industry where we operate, our ability to retain our existing clients and to attract new clients is critical to our continued success. As a result, there can be no assurance that we will not encounter increased competition in the future nor can there be any assurance that we will, in light of competitive pressures, be able to effectively compete with our competition in the various product and service segments we operate in, whether on the basis of pricing, quality or range of services or otherwise, which could have material adverse effect on our business, results of operations and financial condition.

42. A downgrade in our credit rating could adversely affect our ability to raise capital in the future.

Our Company has received "A-; Stable for long term bank facilities" and "A2+ for short term bank facilities" credit rating from Acuite Ratings & Research Ratings Limited

Particulars	October 17, 2023		July 29, 2022		May 10, 2021	
	Long Term Instruments	Short Term Instruments	Long Term Instruments	Short Term Instruments	Long Term Instruments	Short Term Instruments
Rating	A-	A2+	A-	A2+	A-	A2+
Rating Agency	Acuite Ratings & Research	Acuite Ratings & Research	Acuite Ratings & Research	Acuite Ratings & Research	Acuite Ratings & Research	Acuite Ratings & Research

Our credit ratings, which are intended to measure our ability to meet our debt obligations, are a significant factor in determining our finance costs. The interest rates of certain of our borrowings may be significantly dependent on our credit ratings. A downgrade of our credit ratings could lead to greater risk with respect to refinancing our debt and would likely increase our cost of borrowing and adversely affect our business, results of operations, financial condition, cash flows and future prospects.

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

As a Manufacturing business, our success depends on the smooth supply and transport of the various raw materials required for our manufacturing facilities and of our products from our manufacturing facilities to our customers, or delivery points and further to our distributors, which are subject to various uncertainties and risks. We transport our raw materials and our finished products by road and sea. We use third-party freight and transportation providers for the delivery of our products. We do not have formal contractual relationships with such logistic companies and freight forwarders, particularly in the export markets. We maintain marine open insurance policy to cover any damage to our products during transit. Transportation strikes, if any, could have an adverse effect on supplies and deliveries to and from our distributors and suppliers. Further, on account of the COVID-19 pandemic, our manufacturing operations were shut down and our third-party transportation providers' operations were also closed during the lockdown imposed by the Government.

Further, raw materials and finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be a delay in delivery of raw materials and products which may also affect our business and results of operations negatively. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations. Any compensation received from insurers or third-party transportation providers may be insufficient to cover the cost of any delays and will not repair damage to our relationships with our affected customers. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers. This could require us to expend considerable resources in addressing our distribution requirements, including by way of absorbing these excess freight charges to maintain our selling price, which could adversely affect our results of operations or passing these charges on to our customers, which could adversely affect demand for our products.

44. *We engage contract workers for carrying out certain functions of our business operations. In the event of non-availability of such contract workers at reasonable cost, any adverse regulatory orders or any default on payments to them by the agencies could lead to disruption of the manufacturing facilities and our business operations.*

We engage independent contractors through whom we engage contract workers for performance of certain functions at our manufacturing unit and at our offices. While we have not faced any breach of agreements executed with such independent contractors in the last three Fiscals and in the current Fiscal until the date of this Draft Red Herring Prospectus, there is no assurance that such breach will not occur in the future. Further, while we have not encountered such instance in the past, we cannot assure that we will be able to renew the engagement with our independent contractors at commercially viable terms or at all. As of November 30, 2023, we engaged a total of 398 contract workers/ temporary employees. Although we do not engage these contract workers directly, we are responsible for any wage payments to be made to such laborers in the event of default by their respective independent contractors. Any requirement to fund such defaulted wage requirements may have an adverse impact on our business, results of operations, financial condition, cash flows and future prospects.

Our industry is labour intensive and our dependence on contract labour may result in significant risks for our operations, relating to the cost, availability and skill of such contract labourers in India, as well as contingencies affecting availability of such contract labour during peak periods in labour intensive industries such as ours. There can be no assurance that we will have adequate access to skilled and unskilled workmen at reasonable rates. Any increase in the cost of labour or failure to procure availability of labour due to any other reason, will adversely affect our business, results of operations, financial condition, cash flows and future prospects.

In addition, pursuant to the Contract Labour (Regulation and Abolition) Act, 1970, as amended, the appropriate government may, after consultation with the Central Advisory Contract Labour Board or the State Advisory Contract-Labour Board, as the case may be prohibit, by notification, the employment of

contract labour in any process, operation or other work in any establishment. We cannot assure you that such a notification will not be issued by the appropriate government in respect of the locations of our manufacturing facilities. If such a notification prohibiting the employment of contract labour is issued with respect to our operations, it will have an adverse impact on our ability to employ contract labour in our manufacturing and other operations, and may adversely affect our business, results of operations, financial condition, cash flows and future prospects.

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

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

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

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

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

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

47. *We may not have adequate insurance coverage for protecting us against any material hazards.*

Our operations are subject to various risks inherent in the manufacturing industry including defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for

our products, accidents and natural disasters. The occurrence of any one of these events may result in our being named as a defendant in lawsuits asserting claims for substantial damages, including for cleanup costs, personal injury and property damage and fines and/ or penalties. Our total insurance cover includes property, plant and equipment and inventory, for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 was ₹1467 million, ₹1234 million and ₹1099 million respectively, which was 133%, 123% and 133%, respectively of our net block of property, plant and equipment (excluding land), and inventory as per restated standalone financial statement. We generally perform scheduled and unscheduled maintenance and operating and other asset management services. The manufacturing of products involves handling of certain risky material which, if not handled properly, can be dangerous. Our insurance may not be adequate to completely cover any or all of our risks and liabilities. There have been no instances in the last three years.

We maintain an amount of insurance protection that we consider adequate including insurance policy covering fire, damage to buildings, plant and machinery, stocks (raw materials and finished goods), vehicles and policy covering damage to goods in domestic transit. We may not have identified every risk and further may not be insured against every risk because such risks are either uninsurable or not insurable on commercially acceptable terms, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies such as COVID-19 and other pandemics, or due to the same being inadequate, could materially harm our cash flows, financial condition and future results of operations. Further, while there has been no past instance of inadequate insurance coverage for any loss, we cannot assure that we will continue to accurately ascertain and maintain adequate insurance for losses that may be incurred in the future. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. Any claim brought against us, with or without merit, could result in reputational damage, and even unsuccessful claims could result in substantial costs and diversion of management resources. A successful claim not fully covered by our insurance could have a negative impact on our reputation, financial condition, and results of operations. For further information on our insurance arrangements, see “*Our Business – Insurance*” on page 245 of this Draft Red Herring Prospectus.

48. *Significant failure or disruption of our information technology systems could adversely impact our business, results of operations and financial condition.*

We have implemented various information technology (“IT”), enterprise resource planning (“ERP”) solutions to cover key areas of our operations, R&D, quality control, procurement, dispatch and accounting. We also have various automation systems and software that automate our manufacturing and production. Although we have not had any material incidents in the three months ended June 30, 2023 and in Fiscal 2023, Fiscal 2022 and Fiscal 2021, these systems are potentially vulnerable to damage or interruption from a variety of sources, which could result from (among other causes) cyber-attacks on or failures of such infrastructure or compromises to its physical security, as well as from damaging weather or other acts of nature. A significant or large-scale malfunction or interruption of one or more of our IT, ERP or manufacturing automation systems could adversely affect our ability to keep our operations running efficiently and affect product availability, particularly in the country, region or functional area in which the malfunction occurs, and wider or sustained disruption to our business cannot be excluded. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable or cause damage to our reputation. Any of these developments, alone or in combination, could have a material adverse effect on our business, results of operations and financial condition. Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT, manufacturing automation systems and/or ERP systems may lead to inefficiency or disruption of our operations and thereby adversely affecting our business, results of operations and financial condition.

- 49. Certain sections of this Draft Red Herring Prospectus disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Offer. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.**

This Draft Red Herring Prospectus includes information derived from independent third-party research agency, CRISIL Limited, to prepare an industry report titled “Assessment of welding consumables, wear plates and Heavy engineering equipment market in India” dated December, 2023, for purposes of inclusion of such information in this Draft Red Herring Prospectus. Certain sections of this Draft Red Herring Prospectus include information based on, or derived from, the CRISIL Report or extracts of the CRISIL Report. All such information in this Draft Red Herring Prospectus indicates the CRISIL Report as its source. The industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. The industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data or report and do not take responsibility for any errors or omissions or for the results obtained from using their data or report. Accordingly, investors should not place undue reliance on, or base their investment decision on this information, see chapter titled “Industry Overview” on page 180.

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

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

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

We have declared dividend in the past. For further information, see “Dividend Policy” on page 295 of this Draft Red Herring Prospectus. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board in accordance with the dividend distribution policy as may be adopted by our Board from time to time and will depend on factors that our Board deems relevant, including among others, our Company’s profitability, capital requirements, financial commitments and requirements, including business and expansions plans, applicable legal restrictions and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future.

Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

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

Our Promoter and Directors may be deemed to be interested in addition to regular remuneration or benefits and reimbursement of expenses from our Company, and such interests are to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship and shareholding in our Company. Our Promoter are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For the payments that are made by our Company to related parties including remuneration to our Directors, see “Summary of the Offer Document – Summary of Related Party Transactions”, “Our Management” “Our Promoter and Promoter Group” on page 31, 265 and 286 respectively. Additionally, our Promoters, Prashant Garg and has provided personal guarantee for certain of our borrowings, which has been sanctioned ₹ 600 million as of November 30, 2023 and our business, financial condition, results of operations and prospects may be adversely affected by the revocation of all or any of the guarantees provided by our Promoters in connection with our Company's borrowings. For more information, see “Financial Indebtedness” on page 362

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

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

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

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

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

Our revenues from exports and cost of imported raw materials for the relevant periods was as below:

Particulars	For the period ended June 30, 2023	(₹ in millions)		
		Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from exports	60.28	294.34	161.74	188.18
Cost of raw materials imported	47.28	254.23	179.59	116.60

Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. We face foreign exchange rate risk as certain portion of our revenues are denominated in a currency other than the Indian Rupee. Because of our foreign currency exposure, exchange rate fluctuations between the Indian Rupee and foreign

currencies, can have a material impact on our results of operations, cash flows and financial condition. Our net foreign exchange gain/(loss) for the three months ended June 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021 as per our Restated Consolidated Financial Statements was ₹ 0.56 million, ₹ 3.70 million, ₹ 5.36 million and Nil respectively and constituted 0.09%, 0.15%, 0.26% and Nil of our total consolidated revenue from operations for the three months period ended June 30, 2023 Fiscal 2023, Fiscal 2022 and Fiscal 2021, respectively. These gains/losses were related to instances where the market exchange rate at the time of transaction was in our favour or against us as compared to the rates we had applied when the transactions were accounted. Our company currently does not engage in any kind of hedging contracts for exchange rate fluctuations, we may enter into the same in future which may or may not adequately cover the potential loss that may arise as a result of such foreign exchange transactions. Moreover, the hedges may not cover all such exposures and are in any event subject to their own risks, including counterparty credit risk. Adverse moves in exchange rates may adversely impact our profitability and financial condition. We cannot guarantee that we will not experience losses, on account of fluctuations in currencies going forward, and such losses may have an adverse effect on our business, results of operations and financial condition.

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

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

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with any regulations applicable to us, to provide accurate information to regulatory authorities, to comply with manufacturing standards we have established, or to report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in our industry are subject to laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. While we have not faced such instances in the three months ended June 30, 2023 and in Fiscal 2023, Fiscal 2022 and Fiscal 2021, there can be no assurance that we will be able to identify and deter such misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risk. If our employees engage in any such misconduct, we could face criminal penalties, fines, revocation of regulatory approvals and harm to our reputation, any of which could form a material adverse effect on our business.

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

We propose to utilize the Net Proceeds for funding capital expenditure towards expansion of our existing manufacturing facility at Unit IV and for setting up of a new manufacturing facility. Such objects have not been appraised by any bank or financial institution, for further details of the proposed objects of the Offer, see “*Objects of the Offer*” beginning on page 146. At this juncture, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and Schedules XI and XX of the SEBI ICDR Regulation, any material deviation in the utilisation of the Net Proceeds as disclosed in this Prospectus requires the Company to obtain the approval of shareholders of our Company through a special resolution. In such event, we may not be able to obtain the approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in

obtaining such approval of the shareholders of our Company may adversely affect our business or operations.

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

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

57. *The activities carried out at our manufacturing facilities, including any hazardous activity, can cause injury to people or property in certain circumstances.*

The activities carried out at our manufacturing facilities may be potentially dangerous to our employees. While we provide a safe and healthy working environment which is compliant with applicable occupational health and safety management system and environmental management system regulations, we believe to be adequate insurance including insurance policies for accidents, there is a risk that an accident may occur at our manufacturing facilities.

An accident may result in personal injury to our employees, or the labour deployed at our manufacturing facilities, destruction of property or equipment, manufacturing or delivery delays, environmental damage, or may lead to suspension of our operations and/or imposition of liabilities. We have not encountered any fatalities or any employee injuries in the last three Fiscals and in the current Fiscal until the date of this Draft Red Herring Prospectus. However, any such future accident may result in litigation, the outcome of which is difficult to assess or quantify, the cost to defend such litigation can be significant and our insurance may not be sufficient to provide complete coverage. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative effect on our business, results of operations, financial condition, cash flows and future prospects.

Our operations are subject to operating risks associated with manufacturing, including related to handling and storage of raw materials used in our manufacturing processes. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

- explosions;
- fires;
- mechanical failures and other operational problems
- inclement weather and natural disasters; and
- discharges or releases of hazardous substances, chemicals or gases.

The occurrence of any of these hazards could result in a suspension of operations and the imposition of civil or criminal liabilities. We may also face claims and litigation, in India or overseas, filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our manufacturing facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

EXTERNAL RISK FACTORS

RISKS RELATING TO INDIA

58. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, in the jurisdictions in which we operate may adversely affect our business and results of operations.*

The regulatory and policy environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations and policies that could affect our business in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the GoI and other regulatory bodies, or impose onerous requirements. For instance, in order to rationalize and reform labour laws in India, the Government of India has introduced four labour codes which are yet to come into force as on the date of this Draft Red Herring Prospectus, namely (a) the Code on Wages, 2019; (b) the Code on Social Security, 2020; (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labour legislations. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. In the absence of any precedents on the subject, the application of these provisions is uncertain and may or may not have an adverse tax impact on us.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation, or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

59. *Our Business is dependent on the Indian Economy. Any adverse development or slowdown in economic growth in India could cause our business to suffer.*

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy or future volatility in global commodity prices could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Global situations such as outbreak of the COVID-19 pandemic, full scale military invasion of Ukraine by Russia have caused a global economic downturn including in India. Any downturn in the macroeconomic environment in India could also adversely affect our business, financial condition, results of operations and prospects.

India's economy could be adversely affected by a general rise in interest rates or inflation, civil unrest, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like application of GST; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India or its financial services sectors.

60. *We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.*

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are proposed to be listed on Stock Exchanges in India. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies; general elections in the year 2024; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

61. *A slowdown in our exports due to tariffs and trade barriers and international sanctions could adversely affect our business, financial condition and results of operations.*

A portion of our revenue is derived from our international business. From time to time, tariffs, quotas and other tariff and non-tariff trade barriers may be imposed on our products in jurisdictions in which we operate or seek to sell our products. There can be no assurance that the countries or regions where we seek

to sell our products will not impose trade restrictions on us in future. We may also be prohibited from exporting to certain restricted countries that may be added to a sanctions list maintained by the Government of India or other foreign governments, such as the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the US Department of Treasury in the United States. In February 2022, hostilities between Russia and the Ukraine commenced, which has led to the imposition of sanctions of various Russian interests (and in some cases Belarus) by the European Union, Australia, Canada, Japan, New Zealand, Switzerland, South Korea, the United Kingdom and the United States. Any such imposition of trade barriers or international sanctions may have an adverse effect on our business, financial condition and results of operations

62. *Financial and geo-political instability in other countries may cause increased volatility in Indian financial markets.*

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Europe and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. For example, the full scale military invasion of Russia into Ukraine and the subsequent sanctions placed on Russia by various countries has substantially affected the economic stability of the world and such volatility could impact our Company's growth. In addition, the market price of oil has risen sharply since the commencement of hostilities in Ukraine, which may have an inflationary effect in India and other countries. A prolonged war or a protracted period of hostilities in the Ukraine may lead to global economic disturbances.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition, results of operation, and cash flows. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, results of operations, and cash flows, and reduce the price of the Equity Shares.

63. *Natural calamities, climate change and health epidemics and pandemics such as COVID-19 could adversely affect the Indian economy and our business, financial condition, and results of operations. In addition, hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect our business, financial condition and results of operations.*

India has experienced natural calamities such as cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, infectious disease outbreaks such as the COVID-19 pandemic and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally, including the ongoing conflict between Russia and Ukraine following Russia's full-scale military invasion

of Ukraine in February 2022, volatility in interest rates, volatility in commodity and energy prices, an increase in oil prices, a loss of investor confidence in other emerging market economies and other political and economic development may adversely affect the Indian securities markets.

Our operations at our manufacturing facilities may be damaged or disrupted as a result of natural calamities. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

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

Our Restated Consolidated Financial Statements as at June 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, the restated statement of profit and loss (including other comprehensive income), the restated statement of cash flows, the restated statement of changes in equity for the three months period ended June 30, 2023 and years ended March 31, 2023, March 31, 2022 and March 31, 2021, the statement of significant accounting policies and other explanatory notes thereon, derived from the audited Ind AS financial statements for the year ended March 31, 2023 and March 31, 2022; special purpose Ind AS financial statements for the year ended March 31, 2021 and special purpose interim Ind AS financial statements for the three months period ended June 30, 2023, together with the annexures and notes thereto prepared in accordance with Ind AS (except that they do not contain comparative information and related disclosures and explanatory notes for the year ended March 31, 2021) and restated in accordance with requirements of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations and the Guidance Note.

Ind AS differs in certain significant respects from Indian GAAP, IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our Restated Consolidated Financial Statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. Prospective investors should review the accounting policies applied in the preparation of our Restated Consolidated Financial Statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

65. *If there is any change in laws or regulations, including taxation laws, or their interpretation, such changes may significantly affect our financial statements.*

Any change in Indian tax laws could have an effect on our operations. Any future amendments may affect our benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax, past claims of central excise, state

VAT, and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017. For further information on litigations arising out of such claims, see “*Outstanding Litigation and Material Developments*” beginning on page 365 of this Draft Red Herring Prospectus.

Further, the Government of India has announced the union budget for Fiscal 2023, pursuant to which the Finance Act, 2022 (“**Finance Act**”), wherein a few sections have become effective from April 01, 2022 and the remaining shall come into force as and when may be notified by the Central Government. As such, there is no certainty on the impact that the Finance Act, 2022 may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

Furthermore, the GoI has recently introduced (a) the Code on Wages, 2019; (b) the Code on Social Security, 2020; (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labour legislations. The rules for implementation under these codes have been notified, and we are determining the impact of these laws on our business and operations which may restrict our ability to grow our business in the future and increase our expenses. In another example, the GoI has made it mandatory for business establishments with turnover above a certain size to offer digital modes of payment from November 2019, with no charges being levied on the customers or the merchants by banks and payment service providers. Such measures could adversely impact our income streams in the future and adversely affect its financial performance.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

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

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), 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 falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Further, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/ departments are responsible for granting approval for foreign investment. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

In terms of Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT, which has been incorporated as the proviso to Rule 6(a) of the FEMA Rules, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy dated October 15, 2020 and the FEMA Rules. These investment restrictions shall also apply to subscribers of

offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions or at all.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 427 of this Draft Red Herring Prospectus.

67. *Any adverse change in India’s credit rating by an international rating agency could materially adversely affect our business and profitability.*

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to India’s credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing.

Going forward, the sovereign ratings outlook will remain dependent on whether the government is able to transition the economy into a high-growth environment, as well as exercise adequate fiscal restraint. A downgrading of India’s credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

68. *Investors may not be able to enforce a judgment of a foreign court against us, our Directors and executive officers in India respectively, except by way of a law suit in India.*

We are incorporated under the laws of India and all our Directors and Key Managerial Personnel reside in India. All our assets are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 (the “CPC”).

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A of the CPC on a statutory basis. Section 44A of the CPC provides that where a certified copy of a decree of any superior court, within the meaning of that Section, obtained in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the CPC is applicable only to monetary decrees and does not apply to decrees for amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the CPC, and not by proceedings in execution. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except; (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment.

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

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business. High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or entirely offset any increases in costs with increases in prices for our products. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

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

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time taken for such conversion may reduce the net dividend to foreign investors. Specifically, if there is a change in relative value of the Rupee to a foreign currency, each of the following values will also be affected:

- a. the foreign currency equivalent of the Rupee trading price of the Company's Equity Shares in India;
- b. the foreign currency equivalent of the proceeds that you would receive upon the sale in India of any of the Company's Equity Shares; and
- c. the foreign currency equivalent of cash dividends, if any, on the Company's Equity Shares, which will be paid only in Rupees.

In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India may reduce the proceeds received by Shareholders, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares. Another example would be that the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

RISKS RELATING TO THE OFFER AND THE EQUITY SHARES

71. *The determination of the Price Band is based on various factors and assumptions and the Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after*

the Issue. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLM is below their respective issue prices.

The determination of the Price Band is based on various factors and assumptions and will be determined by our Company in consultation with the Book Running Lead Manager. Furthermore, the Offer Price of the Equity Shares will be determined by our Company, in consultation with the Book Running Lead Manager through the Book Building Process.

The Issue Price will be based on numerous factors, including the factors described in “Basis for Offer Price” on page 165 and may not be indicative of the market price for the Equity Shares after the Offer. Further, the BRLM has previously handled issues wherein the market price of the issued shares declined below the offer/issue price of shares within 30 days of their listing and in certain cases continued to trade at a price lower than their offer/issue price on the 180th day from listing. For details of the price information of the past issues handled by the BRLM, see “Other Regulatory and Statutory Disclosures” on page 377.

The market price of the Equity Shares could be subject to significant fluctuations after the Issue and may decline below the Issue Price.

In addition, the stock market often experiences price and volume fluctuations that are unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of the Equity Shares, regardless of our Company’s performance. As a result of these factors, there can be no assurance that the investors will be able to resell Equity Shares at or above the Issue Price resulting in a loss of all or part of the investment.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax (“STT”) is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months immediately preceding the date of transfer may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. Accordingly, investors may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less immediately preceding the date of transfer will also be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India’s right to impose a tax on capital gains arising from the sale of shares of an Indian company.

No dividend distribution tax is required to be paid in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020 and, accordingly, such dividends would not be exempt in the hands of the Shareholders, both for residents as well as non-residents. Our Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident Shareholder for the purposes of deducting tax at source pursuant to any corporate action, including dividends.

Similarly, any business income realised from the transfer of equity shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1,

2018, taxes payable by an assessee on the capital gains arising from transfer of long-term capital assets (introduced as Section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of resident individuals and Hindu Undivided Families.

The Indian Stamp Act, 1899 was amended to provide that the sale, transfer and issue of certain securities through exchanges, depositories, or otherwise shall be charged with stamp duty. In the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of certain securities through stock exchanges is on the buyer, while in other cases of transfer for consideration through a depository, the onus is on the transferor. The stamp duty for transfer of certain securities, other than debentures, on a delivery basis is currently specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

Further, the GoI has announced the union budget for Financial Year 2024, pursuant to which the Finance Bill, 2023, introduced various amendments. The Finance Bill has received assent from the President of India on March 31, 2023, and has been enacted as the Finance Act, 2023. There is no certainty on the impact of Finance Act, 2023 on tax laws or other regulations, which may adversely affect our business, results of operations, financial condition and cash flows or on the industries in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

73. *Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.*

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us, including to comply with minimum public shareholding norms applicable to listed companies in India or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares (in accordance with applicable law including procuring regulatory approvals, as required) by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares (in accordance with applicable law including procuring regulatory approvals, as required) in the future.

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

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

However, if the laws of the jurisdiction the investors are located in does not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the

sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emption rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

75. *Pursuant to listing of the Equity Shares, we may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.*

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

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

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

76. *Fluctuations in the exchange rate between the Rupee and other currencies may have an adverse effect on the value of the Equity Shares in those currencies, independent of our results of operations.*

On listing, the Equity Shares will be quoted in Rupees on the Stock Exchanges. Any dividends in respect of the Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend received by foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies (such as the U.S. Dollar, the Euro, the pound sterling, the Hong Kong dollar and the Singapore dollar) has changed substantially in the past and could fluctuate substantially in the future, which may have an adverse effect on the value of the Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our results of operations.

- 77. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid, and Retail Individual Bidders are not permitted to withdraw their Bids after the Bid/ Offer Closing Date.**

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

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

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

SECTION III - INTRODUCTION

THE ISSUE

The following table summarizes the Issue details:

Issue of Equity Shares⁽¹⁾	Upto 9,847,000 Equity Shares aggregating to ₹ [●] Million
The Issue consists of:	
A) QIB Portion⁽²⁾⁽³⁾	Not more than [●] Equity Shares
<i>of which:</i>	
Anchor Investor Portion ⁽²⁾	Upto [●] Equity Shares
- Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
- Available for allocation to Mutual Funds only (5% of the Net QIB Portion) ⁽³⁾	[●] Equity Shares
- Balance of QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion⁽³⁾⁽⁴⁾	Not less than [●] Equity Shares
<i>of which:</i>	
One-third of the Non-Institutional Portion available for allocation to Non-Institutional Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million	[●] Equity Shares
Two-third of the Non-Institutional Category available for allocation to Non-Institutional Bidders with an application size of more than ₹ 1.00 million	[●] Equity Shares
C) Retail Portion⁽³⁾⁽⁴⁾	Not less than [●] Equity Shares
Pre-Issue and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	28,021,259 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Utilisation of Net Proceeds	For details see “Objects of the Issue” beginning on page 146 of this Draft Red Herring Prospectus for details regarding the use of proceeds from the Issue.

(1) The Issue has been authorised by our Board of Directors and our Shareholders pursuant to the resolutions passed at their meetings dated December 13, 2023 and December 20, 2023 respectively.

(2) Our Company, in consultation with the Book Running Lead Manager, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will be accordingly reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor

Portion, the remaining Equity Shares shall be added to the Net QIB portion. 5% of the QIB Portion (excluding Anchor Investor portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see “Issue Procedure” beginning on page 403.

- (3) Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company and the Promoters, in consultation with the Book Running Lead Manager, and the Designated Stock Exchange, subject to applicable laws. In case of under-subscription in the Issue, subject to receipt of minimum subscription for 90% of the Issue, compliance with Rule 19(2)(b) of the SCRR and allotment of not more than 50% of the Issue to QIBs, Equity Shares shall be allocated in the manner specified in the section “Terms of the Issue” beginning on page 391 of this Draft Red Herring Prospectus.
- (4) SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹500,000, shall use the UPI Mechanism. Individual investors bidding under the Non-Institutional Portion bidding for more than ₹200,000 and up to ₹500,000, using the UPI Mechanism, shall provide their UPI ID in the Bid cum Application Form for Bidding through Syndicate, sub-syndicate members Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (5) Allocation to bidders in all categories, except the Anchor Investor Portion and the Retail Portion, shall be made on a proportionate basis subject to valid Bids having being received at or above the Issue Price, as applicable. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, may be allocated on a proportionate basis. Not less than 15% of the Issue shall be available for allocation to Non-Institutional Bidders of which one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion. The allocation to each Non-Institutional Bidder shall not be less than the minimum application size, subject to availability of Equity Shares in the Non-Institutional Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis in accordance with the conditions specified in this regard in Schedule XIII of the SEBI ICDR Regulations.

For further details, please see “Terms of the Issue” and “Issue Procedure” on page 391 and page 403 respectively of this Draft Red Herring Prospectus.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth summary financial information derived from the Restated Consolidated Financial Statements. The Restated Consolidated Financial Statements has been prepared, based on financial statements for three months ended June 30, 2023, Fiscal 2023, Fiscal 2022 and Fiscal 2021. The Restated Consolidated Financial Statements have been prepared in accordance with Ind AS and the Companies Act, restated in accordance with the SEBI ICDR Regulations and are presented in the section entitled “Financial Information” on page 296.

The summary financial information presented below should be read in conjunction with the chapters titled “Restated Consolidated Financial Statement” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 296 and 333 respectively.

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Restated Consolidated Statement of Asset and Liabilities

(All amounts in rupees Million, unless otherwise stated)

Particulars	Note No.	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS					
(1) Non-current assets					
(a) Property, plant and equipment	3	639.34	632.76	601.08	566.93
(b) Capital work-in-progress	3 (a)	20.10	18.27	-	-
(c) Intangible assets	4	2.49	2.55	1.72	2.17
(d) Financial assets					
(i) Investments	5	224.42	195.03	188.79	124.86
(ii) Other financial assets	6	66.39	64.02	58.69	45.60
Total non-current assets		952.74	912.64	850.28	739.58
(2) Current Assets					
(a) Inventories	7	526.75	517.08	443.70	295.29
(b) Financial Assets					
(i) Trade receivables	8	626.44	701.35	503.45	430.81
(ii) Cash and cash equivalents	9	25.88	45.29	30.61	46.79
(iii) Other bank balances	10	-	0.03	5.05	0.01
(iv) Loans and advances	11	80.17	50.06	27.84	34.56
(v) Others financial assets	12	7.80	33.25	9.13	8.21
(c) Other current assets	13	26.29	43.75	25.39	21.17
Total current assets		1,293.32	1,390.80	1,045.18	836.85
Total Assets		2,246.07	2,303.44	1,895.46	1,576.42
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	14	37.37	37.37	37.37	37.37
(b) Other equity	15	1,443.87	1,382.60	1,169.11	1,013.85
Equity attributable to equity holders of the Parent		1,481.24	1,419.97	1,206.48	1,051.22
(c) Non-controlling interests	15	2.02	1.69	1.88	1.66
Total equity		1,483.26	1,421.67	1,208.36	1,052.88
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	16	-	16.69	28.00	55.65
(ii) Other financial liabilities	17	3.84	8.37	6.52	7.40
(b) Provisions		-	-	-	-
(c) Deferred tax liabilities (net)	18	42.65	37.58	33.60	34.83
Total non-current liabilities		46.49	62.63	68.12	97.87
Current liabilities					
(a) Financial liabilities					
(i) Borrowings	19	394.48	464.23	217.95	141.25
(ii) Trade payables	20				
Total outstanding dues of micro enterprises and small enterprises		27.03	31.26	1.32	12.87
Total outstanding dues of creditors other than micro enterprises and small enterprises		120.52	216.12	307.21	176.60
(iii) Other financial liabilities	21	40.35	7.82	13.72	16.99
(b) Provisions	22	16.39	5.74	2.73	2.18
(c) Other current liabilities	23	117.53	93.97	76.04	75.76
Total current liabilities		716.31	819.15	618.97	425.65
Total Equity and liabilities		2,246.07	2,303.43	1,895.46	1,576.42
The accompanying notes form an integral part of the consolidated financial statements		1-42			

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Mumbai
UDIN - 23111592BGXFIM8962
Date :30-11-2023

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30-11-2023

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :30-11-2023

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30-11-2023

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30-11-2023

Restated Consolidated Statement of Profit & Loss

(All amounts in rupees Million, unless otherwise stated)					
Particulars	Note No.	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Revenue					
I Revenue from operations	24	658.46	2,548.76	2,045.89	1,552.63
II Other income	25	15.22	37.95	41.58	40.08
III Total revenue (I+II)		673.69	2,586.72	2,087.47	1,592.71
IV Expenses					
Cost of materials consumed	26	324.46	1,376.33	1,166.25	591.22
Purchases of stock-in-trade	27	47.80	128.09	82.07	59.87
Changes in inventories of finished goods and work-in-progress	28	(22.21)	(28.26)	(77.72)	177.28
Manufacturing expenses	29	92.29	328.62	264.51	176.41
Employee benefit expenses	30	84.99	307.60	268.96	239.45
Finance costs	31	6.04	22.95	13.83	20.01
Depreciation and amortization expenses	3 & 4	12.50	38.42	41.64	38.99
Other expenses	32	36.16	157.61	116.92	101.19
Total expenses (IV)		582.03	2,331.36	1,876.47	1,404.42
V Profit/(loss) before Exceptional Items and Tax (III-IV)		91.65	255.36	210.99	188.30
VI Exceptional Items					
VII Profit before Tax and share of profit / (loss) of associates and joint ventures accounted for using the equity method (V-VI)		91.65	255.36	210.99	188.30
VIII Share of profit / (loss) of associates and joint ventures		-3.79	31.24	8.75	(20.30)
IX Profit before tax (VII+VIII)		87.86	286.60	219.75	168.00
X Tax expenses					
- Current tax		20.24	59.34	49.01	44.35
(Excess)/short provision of tax relating of previous years			1.83	-	
- Deferred tax		5.07	3.98	0.28	7.01
Total tax expenses		25.32	65.15	49.29	51.37
XI Net profit for the year (IX-X)		62.55	221.45	170.46	116.63
XII Other comprehensive income					
<i>(i) Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurements of the defined benefit plans		(0.76)	0.20	(0.89)	(1.99)
Income tax effect on above		0.17	(0.05)	0.22	0.58
<i>(ii) Items that will be reclassified to profit or loss in subsequent periods</i>					
Foreign currency translation of foreign operations		(0.36)	2.92	0.63	0.22
Other comprehensive income for the year, net of tax		(0.95)	3.07	(0.03)	(1.19)
XIII Total comprehensive income / (loss) for the period (XI+XII)		61.59	224.52	170.42	115.44
Profit attributable to:					
Owners of the Parent		62.23	221.64	170.24	117.22
Non-Controlling Interest		0.32	(0.18)	0.21	(0.59)
Other Comprehensive Income attributable to:					
Owners of the Parent		(0.94)	3.03	(0.03)	(1.18)
Non-Controlling Interest		(0.01)	0.03	(0.00)	(0.01)
Total Comprehensive Income attributable to:					
Owners of the Parent		61.28	224.67	170.21	116.03
Non-Controlling Interest		0.31	(0.15)	0.21	(0.60)
Earnings per equity share					
Earnings per equity share [nominal value of share Rs. 10/-]					
Basic (Not annualised for the period ended 30 June 2023)		2.22	7.91	6.08	4.18
Diluted (Not annualised for the period ended 30 June 2023)		2.22	7.91	6.08	4.18

Significant accounting policies and notes to the Ind AS financial statements
The explanatory notes referred to above form an integral part of the Ind AS financial statements

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Mumbai
UDIN - 23111592BGXFIM8962
Date :30-11-2023

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DIN :- 00049106
Place : Nagpur
Date :30-11-2023

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :30-11-2023

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30-11-2023

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30-11-2023

Restated Consolidated Cash Flow Statement

(All amounts in rupees Million, unless otherwise stated)

Particulars	Quarter ended 30 June 2023	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash flows from operating activities				
Profit /(loss) before tax	87.86	286.60	219.75	168.00
Adjustments:				
Depreciation and amortisation	12.50	38.42	41.64	38.99
Bad Debts & Write Off	0.61	3.88	1.39	2.96
Gain / (loss) on remeasurements of the defined employee benefit plans	(0.59)	0.15	(0.67)	(1.41)
Net (gain)/loss on financial instruments at fair value through profit or loss	11.56	10.33	(6.97)	(22.14)
Liabilities written-back	-	-	(0.25)	(2.66)
Interest and Finance Charges	6.04	22.95	13.83	20.01
Interest Income	(1.44)	(2.46)	(3.07)	(2.08)
Share of profit / (loss) of associates and joint ventures	(3.79)	31.24	8.75	(20.30)
Unrealised exchange (gain)/loss	(0.36)	2.92	0.63	0.22
Operating cash flows before working capital changes and other assets	112.39	394.01	275.04	181.58
(Increase) / decrease in inventories	(9.67)	(73.38)	(148.41)	172.53
Decrease/ (increase) in Trade and Other Receivables	67.15	(253.17)	(78.17)	(101.20)
(Decrease) / increase in other current assets	17.46	(18.35)	(4.22)	7.15
(Decrease) / increase in Trade and Other Payables	(71.81)	(60.15)	108.59	(64.41)
(Decrease) / increase in other current liabilities	28.63	17.94	0.28	(31.76)
(Decrease) / increase in other current provisions	10.65	3.01	0.55	(0.33)
Cash generated from operations	154.80	9.89	153.67	163.58
Income taxes refund / (paid), net	(21.48)	(57.26)	(43.17)	(44.88)
Net Cash Flow From/(Used In) Operating Activities (A)	133.32	(47.37)	110.51	118.72
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(19.02)	(73.79)	(113.41)	(18.62)
Purchase of CWIP	(1.83)	(18.27)	-	-
Disposal of assets	-	2.86	38.08	25.95
Non Current investment	(40.95)	(47.81)	(65.71)	47.73
Interest Income	1.44	2.46	3.07	2.08
(Increase)/Decrease in bank balances not considered as cash and cash equivalent (net)	0.09	0.81	(14.04)	0.83
Net Cash Flow From/(Used In) Investing Activities (B)	(60.26)	(133.73)	(152.02)	57.97
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	(16.68)	(11.31)	(27.65)	(60.67)
Proceeds from short-term borrowings(Net)	(69.75)	246.28	76.70	(64.50)
Finance Cost paid	(6.04)	(22.95)	(13.82)	(20.01)
Dividend Paid	-	(16.24)	(9.90)	(13.08)
Net Cash Flow From/(Used In) Financing Activities (C)	(92.47)	195.78	25.33	(158.29)
Net increase / decrease in cash and cash equivalents	(19.41)	14.68	(16.18)	18.52
Cash and cash equivalents at the beginning of the period	45.29	30.61	46.79	28.25
Cash & Cash Equivalents at the End of the Period(A+B+C) (refer Note 9)	25.88	45.29	30.61	46.79

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Mumbai
UDIN - 23111592BGXFIM8962
Date :30-11-2023

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30-11-2023

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :30-11-2023

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30-11-2023

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30-11-2023

GENERAL INFORMATION

Our Company was incorporated under the provisions of the Companies Act, 1956 with the name “Diffusion Engineers Private Limited” pursuant to certificate of incorporation dated November 05, 1982 issued by Registrar of Companies, Maharashtra. Subsequently, our Company has been converted into a public limited company and the name of our Company changed to “Diffusion Engineers Limited” pursuant to a special resolution passed at the Extra-Ordinary General Meeting of our Company held on May 17, 1995 and a fresh Certificate of Incorporation dated July 03, 1995, consequent upon change of name and upon conversion to public limited company has been issued by the RoC.

For details of changes in registered offices of our Company, please refer to the section titled “*History and Certain Corporate Matters*” beginning on page 252 of this Draft Red Herring Prospectus.

Registered Office of our Company

Diffusion Engineers Limited

T-5 & T-6, Nagpur Industrial Area, MIDC,
Hingna, Nagpur - 440016 Maharashtra.

Company Registration Number and Corporate Identity Number

The registration number and corporate identity number of our Company are as follows:

- a) Registration number: 124154
- b) Corporate identity number: U99999MH2000PLC124154

The Registrar of Companies

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

100, Everest, Marine Drive,
Mumbai-400002, Maharashtra.

Board of Directors

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

Name, and	Nature of Directorship	DIN	Residential Address
Prashant Garg	Managing Director	00049106	Plot No. 03, Pawan Bhumi, Wardha road, Somalwada, Khamla, Nagpur– 440025, Maharashtra, India
Dr. Renuka Garg	Non - Executive Director	02815373	Flat No. C 1/404, Block no. 6, 4 th Floor, Paras Urban Park, Rohit Nagar, Huzur, Bhopal– 462039, Madhya Pradesh, India.
Chitra Garg	Non – Executive Director	01784644	Plot No. 3, Somalwada, Pragati Society, Pavbhumi, Somalwada Nagpur, Khamla Nagpur– 440025, Maharashtra, India.

Name, and	Nature of Directorship	DIN	Residential Address
Anita Avinash Vijayakar	Independent Director	01190200	Plot No. 07, Krishna Vatika, Amravati road, Shankar Nagar, Opp Law college Tilak Nagar, Nagpur– 440010, Maharashtra, India.
Ajay Jain	Independent Director	02815416	EMP – 49, Flat No. 802, Thakur Village, Kandivali East, Mumbai– 400101, Maharashtra, India
Anil Trigunayat	Independent Director	07900294	B-701, Ridgeview IFS Apartments, Plot No. GH – 87, Opposite Ansal University, Sector – 54, Gurgaon Sector – 56, Haryana – 122011, India.

For further details of the Board of Directors, please refer to the section titled “Our Management” beginning on page 265 of this Draft Red Herring Prospectus.

Company Secretary & Compliance Officer

Chanchal Jaiswal is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

Chanchal Jaiswal

T-5 & T-6, Nagpur Industrial Area, MIDC,

Hingna, Nagpur - 440016 Maharashtra.

Email ID: cs@diffusionengineers.com

Telephone: +91 9158317943

DETAILS OF KEY INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY

Book Running Lead Manager	Registrar to the Issue
Unistone Capital Private Limited A/ 305, Dynasty Business Park, Andheri-Kurla Road, Andheri East, Mumbai – 400 059, Maharashtra Telephone: +91 9820057533 Email: mb@unistonecapital.com Investor grievance email: compliance@unistonecapital.com Contact Person: Brijesh Parekh Website: www.unistonecapital.com SEBI Registration number: INM000012449 CIN: U65999MH2019PTC330850	Bigshare Services Private Limited Office No. S6-2, 6 th floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri East, Mumbai-400093 Telephone: +91 22-6263 8200 Facsimile: +91 22-6263 8299 Email: ipo@bigshareonline.com Investor grievance email: investor@bigshareonline.com Contact Person: Babu Rapheal C. Website: www.bigshareonline.com SEBI Registration Number: INR000001385 CIN: U99999MH1994PTC076534
Legal Advisor to the Issue	Statutory Auditors of our Company
M/s. Alliance Law Address: 801, 8 th Floor, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai – 400 021. Telephone: +91 9987011250 E-mail: ipo@alliancelaw.in	M/s. PGS & Associates, Chartered Accountants Address: 301, Laxmi Krupa, 3rd Lokmanya Tilak Colony Road, Near Yogi Sabhagruh, Dadar [East], Mumbai - 400014, Maharashtra, India. Telephone: +91 93242 83636 E-mail: premal@pgsca.in Contact Person: Premal Gandhi

	Firm Registration No.: 122384W Peer Review Number: 013377
Sponsor Bank	Public Issue Bank/ Banker to the Issue / Refund Banker
[•] Address: [•] Telephone: [•] Fax: [•] E-mail: [•] Website: [•] Contact Person: [•] CIN: [•]	[•] Address: [•] Telephone: [•] Fax: [•] E-mail: [•] Website: [•] Contact Person: [•] SEBI Cert Registration No: [•] CIN: [•]
Syndicate Member	Banker to our Company
[•] Address: [•] Telephone: [•] Fax: [•] E-mail: [•] Website: [•] Contact Person: [•] SEBI Cert Registration No: [•] CIN: [•]	HDFC Limited Address: 1 st Floor, 18/3, IT Park Near Persistent System, Gayatri Nagar, Nagpur – 440022 Maharashtra, India Telephone: +91 9930202639 E-mail: jatin.keswani@hdfcbank.com Website: www.hdfcbank.com Contact Person: Jatin Keswani CIN: L65920MH1994PLC080618
Advisor to the Issue	
Dhanesha Advisory LLP Address: C-321, 215 Atrium, Near courtyard Marriott Hotel, Before J B Nagar Metro Station, Andheri (East), Mumbai, Maharashtra, 400093, India Tel No.: +91 9920992006/022 49603075 Contact Person: Pankaj Dhanesha Email Id: pankaj@dhaneshaadvisory.com	

Changes in Statutory Auditors during last three Financial Years

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

Particulars	Date of Change	Reason of Change
M/s. PGS & Associates* Firm Registration No.: 122384W Peer Review Number: 013377	July 29, 2023	Appointment as Statutory Auditor to fill casual vacancy upon resignation of M/s. P. R. Bhuta & Co.
M/s. P. R. Bhuta & Co. Firm Registration No.: 101471W	July 17, 2023	Resignation by M/s. P R Bhuta & Co, as statutory auditors of our Company on account of not holding a certificate of peer review.

**PGS & Associates have been appointed as Statutory Auditors for a period of 5 years vide shareholders resolution passed during their meeting held on September 25, 2023*

Investor Grievances

Investors may contact our Company Secretary and Compliance Officer and/ or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.

All Issue related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgment number received from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. In terms of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SCSBs are required to compensate the investor immediately on the receipt of complaint. Further, the BRLM are required to compensate the investor for delays in grievance redressal from the date on which the grievance was received until the actual date of unblock.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, name and address of the Book Running Lead Manager, unique transaction reference number, the name of the relevant bank, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLM where the Bid cum Application Form was submitted by the Anchor Investor.

Filing of Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus with Board and the Registrar of Companies

A copy of this Draft Red Herring Prospectus has been filed electronically on the SEBI's online portal at <https://siportal.sebi.gov.in>, as specified in Regulation 25(8) of the SEBI ICDR Regulations and the SEBI master circular SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 and at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure –Division of Issues and Listing –CFD". It will also be filed with SEBI at:

Securities and Exchange Board of India

SEBI Bhavan, Plot No. C4 A, 'G' Block
Bandra Kurla Complex
Bandra (E), Mumbai 400 051
Maharashtra, India.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act will be delivered for registration to the RoC at its office and through the electronic portal of MCA.

Statement of *inter se* allocation of Responsibilities for the Issue

Since Unistone Capital Private Limited is the sole Book Running Lead Manager to this Issue and all the responsibilities relating to the co-ordination and other activities in relation to the Issue shall be performed by them and hence, a statement of inter se allocation of responsibilities is not applicable.

Designated Intermediaries

Self-Certified Syndicate Banks (SCSBs)

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

Further, the branches of the SCSBs where the Designated Intermediaries could submit the ASBA Form(s) of Bidders (other than RIBs) is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time. Details of nodal officers of SCSBs, identified for Bids made through the UPI Mechanism, are available www.sebi.gov.in.

Eligible SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022 and SEBI circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the UPI Bidders may only apply through the SCSBs and mobile applications whose names appears on the website of the SEBI, which may be updated from time to time. A list of SCSBs and mobile applications, using the UPI handles and which are live for applying in public issues using UPI mechanism, is provided in the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list is available on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40> and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>, as updated from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Issue using the stock-broker network of the stock exchanges, i.e. through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the stock exchanges at www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx and www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Registrar to the Issue and Share Transfer Agents

The list of the RTAs eligible to accept ASBA forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of stock exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time or any other website prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the members of Syndicate at Specified Locations, see the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time or any other website prescribed by SEBI from time to time.

Self Certified Syndicate Banks eligible as Sponsor Banks for UPI

The list of Self Certified Syndicate Banks eligible as sponsor banks for UPI Mechanism, including details such as name and contact details, are provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=41>, or such other websites as updated from time to time.

Designated Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of stock exchanges at <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or such other websites as updated from time to time.

The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the application forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Experts

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

Our Company has received written consents from the following persons to include their names in this Draft Red Herring Prospectus as an “Expert” as defined under Section 2(38) of the Companies Act and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus:

- (i) Consent dated December 24, 2023, from our Statutory Auditor namely, M/s. PGS & Associates, Chartered Accountants, in respect of the reports of the Statutory Auditors on the Restated Consolidated Financial Statements dated November 30, 2023,
- (ii) Consent letter dated December 24, 2023 from our Statutory Auditor namely, M/s. PGS & Associates, Chartered Accountants, in respect of the Statement of Possible Special Tax Benefits dated December 21, 2023 included in this Draft Red Herring Prospectus.
- (iii) Consent dated December 21, 2023 from M/s. Sandeep Mashru & Co., Independent Chartered Engineers in respect of their (i) certificates dated December 05, 2023 on our Company’s

- installed capacity and capacity utilisation at our Units I, II, III and IV; (ii) certificate dated December 21, 2023 for the Proposed Facility at plot no. 33-B/1/1 MIDC, Hingna, and (iii) certificate dated December 21, 2023 for the proposed expansion at Khapri (Uma), Nagpur included in this Draft Red Herring Prospectus.
- (iv) Consent dated December 21, 2023 from Madhav Kawade, Practising Company Secretary for the Physical ROC Search Report.

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Issue.

IPO Grading

No credit agency registered with SEBI has been appointed in respect of obtaining grading of the Issue.

Monitoring Agency

Our Company will appoint a credit rating agency registered with SEBI as a monitoring agency to monitor the utilisation of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus with the RoC. For details in relation to the proposed utilisation of the Net Proceeds, see “*Objects of the Issue*” on page 146.

Appraising Entity

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

Book Building Process

The book building, in the context of the Issue, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and Bid cum Application Forms (and the Revision Forms) within the Price Band and minimum bid lot, which will be decided by our Company, in consultation with the BRLM, and will be advertised in all [●] editions of the English national daily newspaper, all [●] editions of the Hindi national daily newspaper and all [●] editions of the Marathi regional newspaper (Marathi being the regional language of Maharashtra where our Registered Office is located), each with wide circulation, at least two working days prior to the Bid/ Issue Opening Date. The Issue Price shall be determined by our Company in consultation with the BRLM, after the Bid/Issue Closing Date. For further details, see “*Issue Procedure*” on page 403. The principal parties involved in the Book Building Process are:

All Bidders (other than Anchor Investors) shall mandatorily participate in the Issue only through the ASBA process providing the details of their respective bank accounts in which the corresponding Bid Amount will be blocked by the SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public issue whose application sizes are up to ₹500,000 shall use the UPI Mechanism.

In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs (subject to the Bid Amount being up to ₹0.20 million) can revise their Bids during the Bid/ Issue Period and withdraw their Bids until the Bid/ Issue Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. One-third of the Non-Institutional Portion shall be reserved for applicants with application size of more than ₹0.20 million and up to ₹1.00 million, two-thirds of the Non-Institutional Portion shall be reserved for Bidders with an application size of more than ₹1.00 million and the unsubscribed portion in either of such sub-categories may be allocated to Bidders in the other sub-category of Non-Institutional Investors. The allocation of Equity Shares to each Non-Institutional Investor shall not be less than the Minimum NIB Application Size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allocated on a proportionate basis. Except for Allocation to RIBs and the Anchor Investors, Allocation in the Issue will be on a proportionate basis. Allocation to the Anchor Investors will be on a discretionary basis.

Each Bidder by submitting a Bid in Issue, will be deemed to have acknowledged the above restrictions and the terms of the Issue.

Our Company will comply with the SEBI ICDR Regulations and any other directions issued by SEBI in relation to this Issue. In this regard, our Company has appointed the BRLM to manage this Issue and procure Bids for this Issue.

The process of Book Building is in accordance with the guidelines, rules and regulations prescribed by SEBI under the SEBI ICDR Regulations and the Bidding Processes are subject to change from time to time. Investors and Bidders are advised to make their own judgment about investment through this process prior to submitting a Bid in this Issue.

Bidders should note that this Issue is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment within six working days of the Bid/Issue Closing Date or such other time period as prescribed under applicable law.

For further details on the method and procedure for Bidding, please refer to the chapters titled “*Issue Structure*” and “*Issue Procedure*” beginning on pages 399 and 403, respectively of this Draft Red Herring Prospectus.

Illustration of Book Building Process and the Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, please refer to the chapter titled “*Issue Procedure*” on page 403 of this Draft Red Herring Prospectus.

Underwriting

After the determination of the Issue Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. The extent of underwriting obligations and the Bids to be underwritten in the Issue shall be as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of each of the Underwriters will be several and will be subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after determination of the Issue Price and allocation of Equity Shares, but prior to the filing of the Red Herring Prospectus or the Prospectus, with the RoC as the case may be. This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC.)

Name, address, telephone, fax, and email of the Underwriters	Indicative number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

The abovementioned underwriting commitments are indicative and will be finalised after determination of the Issue Price and Basis of Allotment and the allocation of Equity Shares, subject to and in accordance with the provisions of the SEBI ICDR Regulations.

In the opinion of our Board the resources of the above-mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment. Notwithstanding the above table, the Underwrites shall be severally and not jointly responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers or subscribe to Equity Shares to the extent of the defaulted amount in accordance with and subject to the terms of the Underwriting Agreement.

CAPITAL STRUCTURE

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

(in ₹ except the share data)

Sr. No.	Particulars	Aggregate Face Value	Aggregate Value at Issue Price
I.	Authorized share capital		
	40,000,000 Equity Shares of face value ₹10/- each	400,000,000	--
II.	Issued, subscribed and paid-up share capital prior to the Issue		
	28,021,259 Equity Shares of face value ₹10/- each	280,212,590	--
III.	Present Issue in terms of the Draft Red Herring Prospectus		
	Issue of up to 9,847,000 Equity Shares at a price of ₹ [●] per Equity Share	[●]	[●]
IV.	Issued, subscribed and paid-up share capital after the Issue		
	[●] Equity Shares (assuming full subscription in the Issue)	[●]	[●]
V.	Securities premium account		
	Before the Issue		Nil
	After the Issue		[●]

⁽¹⁾ To be updated upon finalisation of the Issue Price

⁽²⁾ For details of the changes in the authorized share capital of our Company in the last 10 years, please refer to chapter titled “History and Certain Corporate Matters – Changes in Memorandum of Association in the last 10 years” beginning on page 254 of this Draft Red Herring Prospectus.

⁽³⁾ The Issue has been authorized pursuant to a resolution of our Board passed at its meeting held on December 13, 2023 and by special resolution passed by our Shareholders at the Extra-Ordinary General Meeting held on December 20, 2023.

⁽⁴⁾ As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company and there is no share application money pending for allotment.

1. Notes on Capital Structure

The following table sets forth the history of the equity shares capital history of our Company.

<i>Date of Allotment of Equity Shares</i>	<i>Number of Equity Share</i>	<i>Face Value per Equity Share (₹)</i>	<i>Issue Price per Equity Share (₹)</i>	<i>Nature of Consideration (Cash/Other than Cash)</i>	<i>Reason/Nature of Allotment</i>	<i>List of Allottees</i>	<i>Cumulative Number of Equity Shares</i>	<i>Cumulative Equity Share Capital (₹)</i>
November 05, 1982	20	100	100	Cash	Subscription to MOA	Allotment of Equity Shares to: 1. Ashwani Kumar Manek - 10 2. Sanjeev Bhaskar -10	20	2,000
August 12, 1983 ^{(1)(2)*}	1,210	100	100	Cash	Further Allotment	Allotment of Equity Shares to: 1. Raju Mirchandani – 250 2. Sanjeev Bhaskar – 240 3. Ashwani Manek – 240 4. N.S. Gopalakrishnan – 180 5. S.R. Nathan – 150 6. Narendra Kumar Garg – 150	1,230	123,000
March 02, 1985 ^{(1)(2)*}	420	100	100	Cash	Further Allotment	Allotment of Equity Shares to: 1. G.G. Trasi - 250 2. S.R. Nathan - 100 3. Narendra Kumar Garg – 70	1,650	165,000
March 28, 1985 ^{(1)(2)*}	100	100	100	Cash	Further Allotment	Allotment of Equity Shares to:	1,750	175,000

<i>Date of Allotment of Equity Shares</i>	<i>Number of Equity Share</i>	<i>Face Value per Equity Share (₹)</i>	<i>Issue Price per Equity Share (₹)</i>	<i>Nature of Consideration (Cash/Other than Cash)</i>	<i>Reason/Nature of Allotment</i>	<i>List of Allottees</i>	<i>Cumulative Number of Equity Shares</i>	<i>Cumulative Equity Share Capital (₹)</i>
						1. N.S. Gopalakrishnan - 70 2. Narendra Kumar Garg – 30		
March 28, 1985 ⁽¹⁾⁽²⁾	250	100	100	Cash	Further Allotment	Allotment of Equity Shares to: 1. A.T. Harinath – 250	2,000	200,000
October 28, 1985 ⁽¹⁾⁽²⁾	250	100	100	Cash	Further Allotment	Allotment of Equity Shares to: 1. C. V. S Sundaresan – 250	2,250	225,000
October 28, 1985 ⁽¹⁾⁽²⁾	270	100	100	Cash	Further Allotment	Allotment of Equity Shares to: 1. A.T. Harinath - 100 2. Narendra Kumar Garg - 70 3. N.S. Gopalakrishnan - 50 4. G.G. Trasi - 50	2,520	252,000
September 17, 1987 ⁽¹⁾⁽²⁾	1,000	100	100	Cash	Rights Issue	Allotment of Equity Shares to: 1. N.S. Gopalakrishnan - 250 2. Narendra Kumar Garg - 250 3. G.G. Trasi - 250 4. A.T. Harinath - 250	3,520	352,000

<i>Date of Allotment of Equity Shares</i>	<i>Number of Equity Share</i>	<i>Face Value per Equity Share (₹)</i>	<i>Issue Price per Equity Share (₹)</i>	<i>Nature of Consideration (Cash/Other than Cash)</i>	<i>Reason/Nature of Allotment</i>	<i>List of Allottees</i>	<i>Cumulative Number of Equity Shares</i>	<i>Cumulative Equity Share Capital (₹)</i>
January 21, 1989 ⁽²⁾	600	100	100	Cash	Rights Issue	Allotment of Equity Shares to: 1. Narendra Kumar Garg - 200 2. A.T. Harinath - 200 3. N.S. Gopalakrishnan – 200	4,120	412,000
September 04, 1989 ⁽²⁾⁽⁵⁾	300	100	100	Cash	Rights Issue	Allotment of Equity Shares to: 1. N.S. Gopalakrishnan - 100 2. Narendra Kumar Garg - 100 3. A.T. Harinath – 100	4,420	442,000
February 06, 1991 ⁽¹⁾⁽²⁾⁽³⁾	2,085	100	-	Other than Cash	Bonus Issue in the ratio of 1:2 (one for every two equity shares held) ⁽⁷⁾	Allotment of Equity Shares to: 1. N.S. Gopalakrishnan - 697 2. Narendra Kumar Garg - 694 3. A.T. Harinath - 694	6,505	650,500
February 06, 1991 ⁽¹⁾⁽²⁾	1,300	100	100	Cash	Rights Issue	Allotment of Equity Shares to: 1. N.S. Gopalakrishnan - 500 2. N.K Garg - 500 3. A.T Harinath – 300	7,805	780,500

<i>Date of Allotment of Equity Shares</i>	<i>Number of Equity Share</i>	<i>Face Value per Equity Share (₹)</i>	<i>Issue Price per Equity Share (₹)</i>	<i>Nature of Consideration (Cash/Other than Cash)</i>	<i>Reason/Nature of Allotment</i>	<i>List of Allottees</i>	<i>Cumulative Number of Equity Shares</i>	<i>Cumulative Equity Share Capital (₹)</i>
March 27, 1992 ⁽¹⁾⁽²⁾	1,150	100	100	Cash	Rights Issue	Allotment of Equity Shares to: 1. N.K Garg - 500 2. N.S. Gopalakrishnan - 500 3. A.T Harinath – 150	8,955	895,500
March 27, 1992 ⁽¹⁾⁽²⁾	3,450	100	100	Cash	Further Allotment	Allotment of Equity Shares to: 1. Diffusion Super-Conditioning Services Private Limited – 1000 2. N. K. Garg HUF – 500 3. Avtar Singh Bumrah – 250 4. V. K. Bahl jointly with Asha Bahl – 250 5. Jayanta Bose – 250 6. Chitra Garg – 250 7. Dilip Sundar – 250 8. Tara Gopalkrishnan – 250 9. Saraswathi Gopalkrishnan – 250 10. V. V. Balaji – 100 11. Sunil Puniyani – 100	12,405	1,240,500
March 27, 1992 ⁽¹⁾⁽²⁾	1,170	100	125	Cash	Further Allotment	Allotment of Equity Shares to:	13,575	1,357,500

<i>Date of Allotment of Equity Shares</i>	<i>Number of Equity Share</i>	<i>Face Value per Equity Share (₹)</i>	<i>Issue Price per Equity Share (₹)</i>	<i>Nature of Consideration (Cash/Other than Cash)</i>	<i>Reason/Nature of Allotment</i>	<i>List of Allottees</i>	<i>Cumulative Number of Equity Shares</i>	<i>Cumulative Equity Share Capital (₹)</i>
						1. Rajesh Shah jointly with Poonam Shah – 300 2. S Venkatramani – 200 3. Gautam Desai - 140 4. Neeraj Sabharwal - 100 5. Deepak Sabharwal jointly with Amita Sabharwal – 100 6. Krishnasamy – 80 7. K Subrahmania – 50 8. G Venkatramani – 40 9. Kavita Shanbagh – 40 10. Vijaya Randhir – 40 11. Ajay Patki jointly with Amita Ajay Patki – 40 12. R J Gohokar – 20 13. B K Gohokar – 20		
March 31, 1992 ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	3,022	100	-	Other than Cash	Bonus Issue in the ratio of 2:5 (two equity shares for every five equity shares held) ⁽⁸⁾	Allotment of Equity Shares to: 1. N.S. Gopalakrishnan - 1036 2. N.K Garg – 1033 3. A.T Harinath – 953	16,597	1,659,700
April 21, 1992 ⁽¹⁾⁽²⁾⁽³⁾	125	100	-	Other than Cash	Bonus Shares in the ratio of 1:2 (one for every two equity shares held)	Allotment of Equity Shares to: 1. Vidhya Nathan – 125	16,722	1,672,200

Date of Allotment of Equity Shares	Number of Equity Share	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of Consideration (Cash/Other than Cash)	Reason/Nature of Allotment	List of Allottees	Cumulative Number of Equity Shares	Cumulative Equity Share Capital (₹)
April 21, 1992 ⁽¹⁾⁽²⁾⁽³⁾	150	100	-	Other than Cash	Bonus Shares in the ratio of 2:5 (two equity shares for every five equity shares held)	Allotment of Equity Shares to: 1. Vidhya Nathan – 150	16,872	1,687,200
March 31, 1993 ⁽¹⁾⁽²⁾	680	100	100	Cash	Further Allotment	Allotment of Equity Shares to: 1. Chitra Garg – 340 2. Saraswathi Gopalkrishnan – 340	17,552	1,755,200
August 12, 1993 ⁽¹⁾⁽²⁾	17,552	100	-	Other than Cash	Bonus Issue in the ratio of 1:1 (one equity share for every one equity share held) ⁽⁹⁾	Refer Table (A) below.	35,104	3,510,400
September 20, 1994 ⁽¹⁾⁽²⁾	17,552	100	-	Other than Cash	Bonus Issue in the ratio of 1:2 (one equity share for every two equity share held) ⁽¹⁰⁾	Refer Table (B) below.	52,656	5,265,600
November 18, 1994	Pursuant to the resolution passed by our Shareholders on November 18, 1994, the Equity Shares of our Company of the face value ₹100 each were sub-divided into Equity Shares of face value ₹10 each.						526,560	5,265,600
February 22, 1995 ⁽¹⁾⁽²⁾	326,556	10	10	Refer Note A below	Further Allotment	Allotment of Equity Shares to: 1. Chitra Garg – 163,278 2. Saraswathi Gopalkrishnan – 163,278	853,116	8,531,160

Date of Allotment of Equity Shares	Number of Equity Share	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of Consideration (Cash/Other than Cash)	Reason/Nature of Allotment	List of Allottees	Cumulative Number of Equity Shares	Cumulative Equity Share Capital (₹)
March 18, 1995 ⁽²⁾	208,060	10	15	Cash	Further Allotment	Refer Table (C) Below	1,061,176	10,611,760
September 05, 1996 ⁽¹⁾⁽²⁾	20,000	10	12	Cash	Preferential Allotment	Allotment of Equity Shares to: 1. N.S. Gopalakrishnan – 10,000 2. Narendra Kumar Garg – 10,000	1,081,176	10,811,760
March 26, 1997 ⁽¹⁾⁽²⁾	623,700	10	30	Cash	Preferential Allotment	Allotment of Equity Shares to: 1. Nandi Investments Limited – 623,700	1,704,876	17,048,760
July 08, 1997 ⁽¹⁾⁽²⁾	364,737	10	30	Cash	Preferential Allotment	Allotment of Equity Shares to: 1. Corodur Verschleiss-Schutz GmbH– 364,737	2,069,613	20,696,130
July 19, 2001	(472,150)	10	35.62	Cash	Buy-back	Buy-back of Equity Shares to: 1. G Venkatramani – 1700 2. A R Tambe - 100 3. Sunil Chandani – 250 4. J Srinivasan – 100 5. R Raju Bharat – 1000 6. M Kumar – 2,000 7. Nandi Investments Limited – 466,000 8. Sohan Goel – 1000	1,597,463	15,974,630

<i>Date of Allotment of Equity Shares</i>	<i>Number of Equity Share</i>	<i>Face Value per Equity Share (₹)</i>	<i>Issue Price per Equity Share (₹)</i>	<i>Nature of Consideration (Cash/Other than Cash)</i>	<i>Reason/Nature of Allotment</i>	<i>List of Allottees</i>	<i>Cumulative Number of Equity Shares</i>	<i>Cumulative Equity Share Capital (₹)</i>
November 09, 2003 ⁽⁵⁾	399,368	10	-	Other than Cash	Bonus Issue in the ratio of 1:4 (one equity share for every four equity share held) ⁽¹¹⁾	Refer Table (D) below.	1,996,831	19,968,310
December 22, 2005 ⁽²⁾	199,683	10	40	Cash	Rights Issue	Refer Table (E) below.	2,196,514	21,965,140
November 22, 2006 ⁽²⁾	549,128	10	-	Other than Cash	Bonus Issue in the ratio of 1:4 (one equity share for every one equity share held) ⁽¹²⁾	Refer Table (F) below.	2,745,642	27,456,420
December 22, 2007 ⁽²⁾	343,205	10	40	Cash	Rights Issue	Refer Table (G) below.	3,088,847	30,888,470
August 11, 2008 ⁽²⁾	30,850	10	40	Cash	Sweat Equity	Refer Table (H) below.	3,119,697	31,196,970
November 17, 2008 ⁽⁴⁾	617,770	10	-	Other than Cash	Bonus Issue in the ratio of 1:5 (one equity share for every five equity share held) ⁽¹³⁾	Refer Table (I) below.	3,737,467	37,374,670
October 11, 2023	265,570	10	762	Cash	Preferential Allotment	Allotment of Equity Shares to: 1. Brijesh Parekh HUF – 52400 2. Het Mehta – 52400	4,003,037	40,030,370

Date of Allotment of Equity Shares	Number of Equity Share	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Nature of Consideration (Cash/Other than Cash)	Reason/Nature of Allotment	List of Allottees	Cumulative Number of Equity Shares	Cumulative Equity Share Capital (₹)
						3. Yogesh Sanghavi – 52400 4. Ajay Sangani – 39370 5. Prashant Garg – 26200 6. Chitra Garg – 26200 7. Neelu Garg – 3200 8. Ajay Jain – 3200 9. Anubhav Garg – 2600 10. Daksha Jain – 2200 11. Abhishek Mehta – 1300 12. Vinod Kukreja – 1300 13. Sarika Dhokne – 1300 14. Lata Kawade – 1000 15. Kriti Singhal – 500		
November 29, 2023 ⁽⁶⁾	24,018,222	10	-	Other than Cash	Bonus Issue in the ratio of 6:1 (six equity shares for every one equity share held) ¹⁴⁾	Refer Table (J) below.	28,021,259	280,212,590

⁽¹⁾ Form 2 for the allotment is not traceable.

⁽²⁾ We have placed reliance on the disclosures made in the financial statements and statutory registers, to ascertain the details of the issue of Equity Shares, the nature of allotment and the nature of consideration since data regarding allotment are neither available in the records of our Company, nor are they available in the records of the RoC. Our Company has relied on following certificates/ documentation:

Sr. No.	Particulars
1.	Certificate issued by M/s. Madhav Kawade, Practising Company Secretary, in the search report dated December 21, 2023
2.	Certificate on share capital build issued on December 21, 2023 by PGS & Associates, Chartered Accountants

For further information, please refer to “Risk Factor no. 30 - We have been unable to locate certain of our historical corporate records.” under section titled ‘Risk Factors’ on page 57.

*As per the minutes of the meeting of our Board held on August 12, 1983, equity shares of our Company were offered for subscription in the following manner:

250 Equity Shares of ₹ 100/- each to S. R. Nathan, N. S. Gopalkrishnan, Narendra Kumar Garg, Raju Mirchandani and G. G. Trasi and 240 equity shares of ₹100/- each to Sanjeev Bhasker and A. A. Manek.

However, due to financial constraints, the shares have been subscribed by the proposed allottees in tranches and were allotted in the following manner:

(a) Board Meeting held on August 12, 1983 - Raju Mirchandani – 250, Sanjeev Bhaskar – 240, Ashwani Manek – 240, N.S. Gopalakrishnan – 180, S.R. Nathan – 150 and Narendra Kumar Garg – 150;

(b) Board Meeting held on March 02, 1985 – G.G. Trasi – 250, S.R. Nathan – 100 and Narendra Kumar Garg – 70;

(c) Board Meeting held on March 28, 1985 – N.S. Gopalakrishnan – 70 and Narendra Kumar Garg – 30.

⁽³⁾ Allotment to Vijayalakshmi Nathan of 125 Equity Shares and 150 Equity Shares on February 06, 1991 and March 31, 1992, respectively, were kept in suspense account due to inability of our Company to contact her. Thereafter, her legal heir Vijaya Nathan approached our Company and the aforementioned Equity Shares i.e. 125 Equity Shares and 150 Equity Shares were allotted to her on April 21, 1992.

⁽⁴⁾ Issue of Equity Shares on these dates have been on selective basis and our Company is unable to trace waiver letters, if any issued by the shareholders to whom shares were not allotted pursuant to the Bonus issue. For further information, please refer to Risk Factor no. 30 - “We have been unable to locate certain of our historical corporate records.” under section titled ‘Risk Factors’ on page 57.

⁽⁵⁾ Clerical error in Form 2 with respect to date of allotment. For details, see “Risk Factors no. 30 - We have been unable to locate certain of our historical corporate records.” on page 57

⁽⁶⁾ As on November 29, 2023, 54,304 Equity Shares were held in physical form by nine shareholders of our Company and hence 325,824 Equity Shares issued to such shareholders pursuant to a bonus issue has been credited to a separate demat which shall be credited on dematerialization of their existing shareholding. For details, see “Risk Factors no. 28 - As on date of this Draft Red Herring Prospectus, 54,304 Equity Shares are held in physical form by some of our Shareholder. Further, 325,824 Equity Shares issued to such Shareholders pursuant to the issue of bonus shares on November 29, 2023, has not been credited to their respective demat account, due to non-availability of their demat account details.” on page 57.

Note A - 326,556 Equity Shares of our Company were allotted at par to Chitra Garg (163,278 equity shares) and Saraswati Gopalkrishnan (163,278 equity shares) against which the allottees have paid our Company ₹1,500,000/- each in cash and the balance consideration has been paid by way of transfer of 3,760 equity shares of Diffusion Super Conditioning Private Limited by the allottees in favour of our Company.

⁽⁷⁾ The bonus issue was in the ratio of one Equity Share for every two Equity Shares held by the Shareholders. The allotment of bonus Equity Shares was approved by our Board on February 06, 1991.

⁽⁸⁾ The bonus issue was in the ratio of two Equity Shares for every five Equity Shares held by the Shareholders. The allotment of bonus Equity Shares was approved by our Board on March 31, 1992.

⁽⁹⁾ The bonus issue was in the ratio of one Equity Share for every one Equity Shares held by the Shareholders. The allotment of bonus Equity Shares was approved by our Board on August 12, 1993.

⁽¹⁰⁾ The bonus issue was in the ratio of one Equity Share for every two Equity Shares held by the Shareholders. The allotment of bonus Equity Shares was approved by our Board on September 20, 1994.

(11) The bonus issue was in the ratio of one Equity Share for every four Equity Shares held by the Shareholders, authorized by a resolution passed by the Shareholders at their meeting held on September 06, 2003 with the record date as September 06, 2003. The allotment of bonus Equity Shares was approved by our Board on November 09, 2003

(12) The bonus issue was in the ratio of one Equity Share for every four Equity Shares held by the Shareholders, authorized by a resolution passed by the Shareholders at their meeting held on August 25, 2006 with the record date as August 25, 2006. The allotment of bonus Equity Shares was approved by our Board on November 22, 2006.

(13) The bonus issue was in the ratio of one Equity Share for every four Equity Shares held by the Shareholders, authorized by a resolution passed by the Shareholders at their meeting held on August 11, 2008 with the record date as August 11, 2008. The allotment of bonus Equity Shares was approved by our Board on November 17, 2008.

(14) The bonus issue was in the ratio of six Equity Share for every one Equity Shares held by the Shareholders, authorized by a resolution passed by the Shareholders at their meeting held on November 18, 2023 with the record date as November 18, 2023. The allotment of bonus Equity Shares was approved by our Board on November 29, 2023.

A. Bonus Issue of 17,552 Equity Shares of face value of ₹ 100 /-each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	N. S. Gopalkrishnan	4,187
2.	N. K. Garg	4,176
3.	A.T. Harinath	3,484
4.	Diffusion Super Conditioning Services Private Limited	1,000
5.	Chitra Garg	590
6.	Saraswathi G	590
7.	Vidhyanathan	525
8.	N. K. Garg HUF	500
9.	Rajesh Shah jointly with Poonam Shah	300
10.	Dilip Sundar	250
11.	Tara Gopalkrishna	250
12.	Avtar Singh Bumrah	250
13.	Vijay Bahl jointly with Asha Bahl	250
14.	Jayanta Bose	250
15.	S Venkatramani	200
16.	Gautam Desai	140
17.	Neeraj Sabharwal	100
18.	V. V. Balaji	100
19.	Sunil Puniyani	100
20.	Deepak Sabharwal jointly with Amita Sabharwal	100
21.	K Subrahmania	50
22.	G Venkatramani	40
23.	Vijaya Randhir	40
24.	Ajay Patki jointly with Amita Patki	40
25.	R J Gohokar	20
26.	B K Gohokar	20
	GRAND TOTAL	17,552

B. Bonus Issue of 17,552 Equity Shares of face value of ₹ 100 /-each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	N. S. Gopalkrishnan	4,187
2.	Narendra Kumar Garg	4,176
3.	A.T. Harinath	3,484
4.	Diffusion Super Conditioning Services Private Limited	1,000
5.	Chitra Garg	590
6.	Saraswathi Gopalkrishnan	590
7.	Vidhya Nathan	525
8.	N.K. Garg HUF	500
9.	Rajesh Shah jointly with Poonam Shah	300
10.	Dilip Sundar	250
11.	Tara Gopalkrishna	250
12.	Avtar Singh Bumrah	250
13.	Vijay Bahl jointly with Asha Bahl	250
14.	Jayanta Bose	250
15.	S. Venkatramani	200

16.	Gautam Desai	140
17.	Neeraj Sabharwal	100
18.	V. V. Balaji	100
19.	Sunil Puniyani	100
20.	Deepak Sabharwal jointly with Amita Sabharwal	100
21.	K Subrahmania	50
22.	G Venkatramani	40
23.	Vijaya Randhir	40
24.	Ajay Patki jointly with Amita Patki	40
25.	R J Gohokar	20
26.	B K Gohokar	20
	GRAND TOTAL	17,552

C. Issue of 208,060 Equity Shares of face value of ₹ 10 /-each at a price of ₹ 15 /-each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	P K Subranmanyam	25,000
2.	Securities Capital Investments [I] Ltd	25,000
3.	Ravi Krishnan	20,000
4.	C Amudhan	10,000
5.	Narendra Kumar Garg	8,720
6.	N. S. Gopalkrishnan	8,390
7.	N. K. Garg HUF	8,000
8.	Dilip Sundar	7,500
9.	Tara Gopalkrishnan	7,500
10.	Lalitha Radhakrishnan	5,000
11.	Dr. Nitin Garg	5,000
12.	Vandana Prashar	5,000
13.	Kiran Devi Garg jointly with Prashant Garg	5,000
14.	Sunil Puniyani	4,000
15.	S Venkatramani	3,750
16.	Prema Ramani	3,750
17.	Jayanta Bose	3,500
18.	Pankaj Jain	3,000
19.	Rajesh Shah jointly with Poonam Shah	3,000
20.	Vijay Bahl jointly with Asha Bahl	2,600
21.	Gautam Desai	2,500
22.	S Sankaran	2,500
23.	T Mukherjee	2,500
24.	P S Bedi	2,500
25.	Neeraj Sabharwal	2,100
26.	Deepak Sabharwal jointly with Amita Sabharwal	2,100
27.	Avtar Bumrah	2,000
28.	M Kumar	2,000
29.	K Subrahmania	1,600
30.	Rajani Amin	1,000
31.	Nimesh Amin	1,000
32.	P N Gupta	1,000
33.	Chitra Chandrasekhar	1,000
34.	Gowri Edbor	1,000
35.	N S Swaminathan	1,000

36.	Durgambal Sunder	1,000
37.	M R Das	1,000
38.	S K Das	1,000
39.	S P Deshpande	1,000
40.	Satya Priya Roy	1,000
41.	R Raju Bhurat	1,000
42.	C.K. Prashanth jointly with C. K. Shantha	1,000
43.	Nitranjan Dhairyashil Rao Pawar	1,000
44.	Sumant Kumar Gupta	1,000
45.	Sanjeev Kumar Gupta	1,000
46.	G Taquiddin	1,000
47.	T R. Uttam Kumar jointly with Josemira K. Naroha	1,000
48.	V Srinivasam	700
49.	G Venkatramani	500
50.	R J Gohokar	500
51.	B K Gohokar	500
52.	R Mohan	500
53.	Sudip Datta	500
54.	Baban Wandhare	500
55.	R. Nathani and Rajani Nathani	500
56.	D. R Chaudhary	500
57.	Sunil Chandani	250
58.	Sudha V Raman	200
59.	Kishore Bharadwaj	200
60.	P G Shrikanth	200
61.	M Chandrashekara	200
62.	K P Suresh	200
63.	Mangalam Viswanathan	200
64.	Uma Bhawkar	100
65.	A R Tambe	100
66.	P Satheesh	100
67.	J Srinivasan	100
	GRAND TOTAL	208,060

D. Bonus Issue of 399,368 Equity Shares of face value of ₹ 10/- each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	Manfred Kluge	125,029
2.	Narendra Kumar Garg	117,488
3.	Chitra Garg	78,480
4.	N.K. Garg HUF	25,233
5.	Dr. Nitin Garg jointly with Dr. Renuka Garg	6,250
6.	Dr. Nitin Garg	5,775
7.	Vijay Bahl jointly with Asha Bahl	5,025
8.	Vidhya Nathan	3,938
9.	Rajesh Shah jointly with Poonam Shah	3,750
10.	Jayanta Bose	2,750
11.	Prashant Garg	1,875
12.	Gautam Desai	1,675
13.	Deepak Sabharwal jointly with Amita Sabharwal	1,275
14.	Neeraj Sabharwal	1,275
15.	Sushil Punyani	1,250

16.	Devendra Prashar jointly with Adesh Prashar	1,250
17.	Amit Prashar and Devender Prashar	1,250
18.	Nikunj Shah	1,000
19.	Pankaj Jain	750
20.	V.V. Balaji	750
21.	S.P. Deshpande	500
22.	Rajani Nathani	500
23.	Bishwa Nath Kedia jointly with Govind Dev Kedia	500
24.	Ashok Mundhada	500
25.	P.K. Gupta	500
26.	Chitra Chandrashekhar	400
27.	Samishtha Gupta	375
28.	D.R. Choudhary	300
29.	Vijaya Randhir	300
30.	B.K. Gohokar	275
31.	R. J. Gohokar	275
32.	Prem Dayal Gupta	250
33.	M.R. Das	250
34.	Nitranjan Pawar	250
35.	Satya Priya Roy	250
36.	C. K. Prashanth and C. K. Shantha	250
37.	Manisha Belani jointly with Kalpesh Belani	250
38.	Gomti Kataria jointly with Rajani Gori and Vikram Gori	250
39.	Savita Mundhada	250
40.	Pramod Jadhav	250
41.	S.K. Das	250
42.	Anant Singhal	250
43.	T.R. Uttam Kumar jointly with Josemira K. Naroha	250
44.	Kalpana Bhuta jointly with Pankaj Bhuta	250
45.	Pranav Bhuta jointly with Kalpana Bhuta and Pankaj Bhuta	250
46.	Jayawant K. Gohokar	250
47.	Fattechand Avadhiya	250
48.	Lalit Surendra Khullar	250
49.	Rita S. Gupta and Sanjeev Kumar	250
50.	Rajesh Sanikop	250
51.	P.N. Gupta	250
52.	Rajani A. Amin	250
53.	Nimeshkumar A. Amin	250
54.	G. Taquiddin	250
55.	Sanjeev Kumar Gupta	250
56.	Vedprakash Madan	250
57.	Vimlawanti Madan	250
58.	Abhay Garg	250
59.	C. P. Garg	250
60.	M. S. Jauhal	225
61.	K Subrahmania	150
62.	A.V. Rama Rao	125
63.	R. Nathani jointly with Rajani Nathani	125
64.	Sudip Datta	125
65.	Baban Wandhare	125
66.	R. Mohan	125
67.	Vijay M. Mundhada	125
68.	Sanjay P. Rathi	125

69.	Ajay Patki jointly with Amita Patki	100
70.	Ajay Malvi	75
71.	S. Chandrasekaran	75
72.	M. V. Joglekar	50
73.	M. Chandrashekar	50
74.	Rakesh Malvi	50
75.	Kishore Bharadwaj	50
76.	K. P. Suresh	50
77.	Vivek Chowfule jointly with Vinayak Ganpatrao Chowfule	25
78.	Ravindra Gharote	25
79.	Uma Sunil Bhawkar	25
80.	P. Satheesh	25
81.	Harish P. Ledwani	25
	GRAND TOTAL	399,368

E. Right Issue of 199,683 Equity Shares of face value of ₹10 /-each at a price of ₹ 40 /-each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	Narendra Kumar Garg	63,831
2.	Chitra Garg	39,240
3.	Marion Busch	32,514
4.	Stefannie Kummerow	30,000
5.	N.K. Garg HUF	12,750
6.	Dr. Nitin Garg & Dr. Renuka Garg	3,200
7.	Dr. Nitin Garg	3,000
8.	Vijay Bahl jointly with Mrs Asha Bahl	2,688
9.	Rajesh Shah jointly with Poonam Shah	1,875
10.	Prashant Garg	1,629
11.	Alok Desai	896
12.	Neeraj Sabharwal	682
13.	Amita Sabharwal jointly with Deepak Sabharwal	682
14.	Amit Prashar jointly with Devender Prashar	625
15.	Devender Prashar jointly with Adesh Prashar	625
16.	Nikunj Shah	500
17.	V.V. Balaji	401
18.	Pankaj Jain	375
19.	R. J. Gohokar	276
20.	S. P. Deshpande	250
21.	Rajani Nathani	250
22.	Ashok Mundhada	250
23.	Chitra Chandrashekhar	214
24.	Samishtha P. Gupta	188
25.	D. Roychoudhary	150
26.	Vijaya Randhir	150
27.	Prem Dayal Gupta	134
28.	S.K. Das	134
29.	Rajesh Sanikop	134
30.	C. K. Prashanth and C. K. Shantha	134
31.	Nitranjan Dhairyashil Rao Pawar	125
32.	Satya Priya Roy	125

33.	Manisha Belani jointly with Kalpesh Belani	125
34.	Savita Mundhada	125
35.	Kalpana Bhuta jointly with Pankaj Bhuta	125
36.	Pranav Bhuta jointly with Kalpana Bhuta and Pankaj Bhuta	125
37.	Jayawant Gohokar	125
38.	Rita Gupta jointly with Sanjeev Kumar	125
39.	P.N. Gupta	125
40.	Sanjeev Gupta	125
41.	H. V. Shantharam	80
42.	Baban Wandhare	66
43.	R. Mohan	66
44.	Vijay Mundhada	66
45.	Sanjay P. Rathi	66
46.	R. Nathani jointly with Rajani Nathani	62
47.	Ajay Patki jointly with Amita Patki	54
48.	S. Chandrasekharan	39
49.	Mahesh Joglekar	27
50.	M. Chandrashekara	27
51.	Rakesh Malvi	27
52.	Ajay Malvi	25
53.	Vivek Chowfule jointly with Vinayak Chowfule	13
54.	Ravindra Gharote	13
55.	Harish Ledwani	13
56.	Uma Bhawkar	12
	GRAND TOTAL	199,683

F. Bonus Issue of 549,128 Equity Shares of face value of ₹ 10 /- each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	N. K. Garg	162,818
2.	Manfred Kluge	156,286
3.	Chitra Garg	107,910
4.	N. K. Garg HUF	34,729
5.	Dr. Nitin Garg jointly with Dr. Renuka Garg	8,613
6.	Marion Busch	8,129
7.	Dr. Nitin Garg	7,969
8.	Stefannie Kummerow	7,500
9.	Vijay Bahl jointly with Asha Bahl	6,953
10.	Rajesh Shah jointly with Poonam Shah	5,156
11.	Vidhya Nathan	4,922
12.	Jayanta Bose	3,438
13.	Prashant Garg	2,751
14.	Alok Desai	2,318
15.	Neeraj Sabharwal	1,764
16.	Devendra Prashar jointly with Adesh Prashar	1,718
17.	Amit Prashar jointly with Devender Prashar	1,718
18.	Deepak Sabharwal jointly with Amita Sabharwal	1,594
19.	Sunil Puniyani	1,562
20.	Nickunj Shah	1,375
21.	V. V. Balaji	1,038
22.	Pankaj Jain	1,032

23.	S P Deshpande	688
24.	Rajani Nathani	688
25.	Ashok Mundhada	688
26.	P K Gupta	625
27.	Bishwa Kedia jointly with Govind Kedia	625
28.	Chitra Chandrasekhar	554
29.	Samishtha Gupta	515
30.	Vijaya Randhir	413
31.	D. R Chaudhary	413
32.	R J Gohokar	412
33.	S. K. Das	346
34.	C. K. Prashanth jointly with C. K. Shantha	346
35.	Prem Dayal Gupta	346
36.	Rajesh Sanikop	346
37.	Satya Priya Roy	344
38.	Nitranjan Pawar	344
39.	Sanjeev Gupta	344
40.	Savita Mundhada	344
41.	B K Gohokar	343
42.	P N Gupta	343
43.	Jayawant Gohokar	343
44.	Rita S. Gupta jointly with Sanjeev Kumar Gupta	343
45.	Kalpana Bhuta jointly with Pankaj Bhuta	343
46.	Pranav Bhuta jointly with Kalpana Bhuta & Pankaj Bhuta	343
47.	Manisha Belani jointly with Kalpesh Belani	343
48.	Rajani Amin	313
49.	Nimesh Amin	313
50.	M. R. Das	313
51.	Pramod Jadhav	313
52.	Vedprakash Madan	313
53.	Vimlawanti Madan	313
54.	Abhay Garg	313
55.	C. P. Garg	313
56.	Anant Singhal	312
57.	Fattechand Avadhiya	312
58.	Lalit Surendra Khullar	312
59.	G Taquiddin	312
60.	Gomti Dhanji Kataria jointly with Rajani Mahesh Gori and Vikram Mahesh Gori	312
61.	T R. Uttam Kumar jointly with Josemira K. Naroha	312
62.	M.S Jauhal	281
63.	H V Shantharam	208
64.	R Mohan	172
65.	Baban Wandhare	172
66.	Vijay Mundhada	172
67.	Sanjay Rathi	172
68.	R. Nathani jointly with Rajani Nathani	172
69.	Amita Sabharwal jointly with Deepak Sabharwal	171
70.	Sudip Datta	156
71.	A V Rama Rao	156
72.	Ajay Patki jointly with Amita Patki	139
73.	S Chandrasekaran	104
74.	Ajay Malvi	100

75.	M Chandrashekara	69
76.	M. V. Joglekar	69
77.	Rakesh Malvi	69
78.	K P Suresh	63
79.	Kishore Bharadwaj	62
80.	Ravindra Gharote	35
81.	Harish Ledwani	35
82.	Vivek Chowfule Vinayak Chowfule	35
83.	Uma Sunil Bhawkar	34
84.	P Satheesh	31
	GRAND TOTAL	549128

G. Right Issue of 343,205 Equity Shares of face value of ₹ 10 /-each at a price of ₹ 40 /-each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	Narendra Kumar Garg	165,000
2.	Chitra Garg	87,444
3.	N.K. Garg HUF	27,000
4.	Nickunj Shah	8,044
5.	V. K. Bahl jointly with Asha Bahl	7,000
6.	Rajesh Shah jointly with Poonam R. Shah	6,500
7.	Dr. Nitin Garg & Dr. Renuka Garg	6,000
8.	Dr. Nitin Garg	6,000
9.	Prashant Garg	6,000
10.	Rajesh Sanikop	5,216
11.	Alok Gautam Desai	1,649
12.	Amita Sabharwal jointly with Deepak Sabharwal	1,147
13.	Neeraj Sabharwal	1,110
14.	Amit Prashar jointly with Devender Prashar	1,074
15.	Devender Prashar jointly with Adesh Prashar	1,074
16.	Veenu Sushil Punyani	1,000
17.	S.P. Deshpande	759
18.	Ashok Mundhada	759
19.	V. V. Balaji	649
20.	Pankaj Jain	645
21.	R. J. Gohokar	455
22.	Vijaya Randhir	437
23.	Bishwa Kedia jointly with Govind Dev Kedia	400
24.	Pramod Kumar Gupta	391
25.	Nitranjan Dhairyashil Rao Pawar	379
26.	Savita Mundhada	379
27.	Jayawant K. Gohokar	379
28.	Chitra Chandrashekhar	371
29.	C.P. Garg	344
30.	Samishtha Gupta	322
31.	C. K. Prashanth jointly with C. K. Shantha	300
32.	Manisha Belani jointly with Kalpesh Belani	300
33.	Kalpna Bhuta jointly with Pankaj Bhuta	300
34.	Pranav Bhuta jointly with Kalpna Bhuta and Pankaj Bhuta	300
35.	Prem Dayal Gupta	270
36.	D.R. Choudhary	258

37.	P.N. Gupta	240
38.	Rajani Amin	237
39.	Nimesh Amin	237
40.	Satya Priya Roy	215
41.	Rita Gupta jointly with Sanjeev Kumar Gupta	215
42.	Sanjeev Kumar Gupta	215
43.	Pramod Jadhav	195
44.	Anant Singhal	195
45.	Fattechand Avadhiya	195
46.	Vedprakash Madan	195
47.	Manas Ranjan Das	195
48.	Baban Wandhare	190
49.	Vijay Mundhada	190
50.	Sanjay P. Rathi	190
51.	Ajay Patki jointly with Amita Ajay Patki	152
52.	R. Mohan	107
53.	Vivek Chowfule jointly with Vinayak Chawfule	77
54.	M. Chandrashekara	76
55.	S. Chandrasekaran	65
56.	M. V. Joglekar	54
57.	Harish Ledwani	38
58.	Uma Bhawkar	37
59.	Ravindra Gharote	27
60.	Bussa Rama Krishna	13
	GRAND TOTAL	343,205

H. Issue of 30,850 Sweat Equity Shares of face value of ₹ 10 /-each at a price of ₹ 40/-each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	Prashant Garg	14,000
2.	Narendra Kumar Garg	10,000
3.	Prabir Singha jointly with Shampa Singha	300
4.	N. Chandrashekhar jointly with S. Ushadevi	300
5.	Anuj Goel jointly with Nidhi Goel	300
6.	Vivek Kulkarni jointly with Vasudha Kulkarni	300
7.	D.R. Choudhary	250
8.	Chitra Chandrashekhar	250
9.	Bandu Pund jointly with Shobha Pund	250
10.	Sameer Khaladkar jointly with Pratiksha Khaladkar	250
11.	Sheetal Batra	250
12.	Ajay Malvi	200
13.	Tupendra Daharwal jointly with Rajkumari Daharwal	200
14.	Sunil Khatke jointly with Manisha Khatke	200
15.	Anindya Chakraborty	200
16.	Kalpana Phalak jointly with Jagdish Phalak	200
17.	Vivek Chawfule jointly with Vinayak Chawfule	150
18.	Ravindra Gharote	150
19.	Rama Yadav	100
20.	Pundlik Fulzele	100
21.	Bijaya Pradhan jointly with Rashmini Pradhan	100
22.	Anup Choudhari jointly with Shilpa Choudhari	100

23.	Sumitra Bose jointly with Sumit Bose	100
24.	Manoj Pannase	100
25.	Manoj Panurkar	100
26.	Liladhar Patle jointly with Aashu Patle	100
27.	Tapas Kumar Dutta	100
28.	Deepak Deshpande	100
29.	Sachin Malao jointly with Anjali Malao	100
30.	Gajanan Padole jointly with Smita Padole	100
31.	Mohan Samaji jointly with Sheetal Samaji	100
32.	M.C. Lakshminarayanan	100
33.	Ratnesh Bhatt jointly with Renu Bhatt	100
34.	Rahul Jahagirdar	100
35.	Sidheshwar Ghosh jointly with Mousumi Ghosh	100
36.	Subrata Banerjee jointly with Ruma Banerjee	100
37.	Ajay Urkude jointly with Pravina Urkude	100
38.	Hotchand Kriplani	100
39.	Mahesh Kabade jointly with Sonabai Kabade	100
40.	Sudhir Lanjewar jointly with Shalini Lanjewar	100
41.	Gopal Prasad	100
42.	Ajay Awazade	50
43.	Manohar Rahangdale	50
44.	Sudhir Bawane jointly with Surekha Bawane	50
45.	Ramesh Bagde jointly with Salita Bagde	50
46.	Bhaudas Lokhande jointly with Sunita Lokhande	50
47.	Deepak Patle jointly with Savita Patle	50
48.	Vijay Mahalle jointly with Madhuri Mahalle	50
49.	Dnyanashawar Pande jointly with Pushpa Pande	50
50.	Shankpal B. Punde jointly with Sunita Punde	50
51.	Sachin Nighade jointly with Rajni Nighade	50
52.	Sanjay Moon	50
53.	Zinku Singh jointly with Shubhavati Singh	50
54.	Ishwar Bhande jointly with Madhuri Bhande	50
55.	P.R. Meshram	50
56.	Sunil Deo	50
57.	Raju Bhagat	50
	GRAND TOTAL	30850

I. Bonus Issue of 617,770 Equity Shares of face value of ₹ 10 /- each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	Narendra Kumar Garg	195,817
2.	Manfred Kluge	156,286
3.	Chitra Garg	125,398
4.	N.K. Garg HUF	40,128
5.	Dr. Nitin Garg jointly with Dr. Renuka Garg	9,813
6.	Dr. Nitin Garg	9,169
7.	Vijay Bahl jointly with Asha Bahl	8,353
8.	Marion Busch	8,129
9.	Stefanie Kummerow	7,500
10.	Rajesh Shah jointly with Poonam Shah	6,356
11.	Vidya Nathan	4,922
12.	Prashant Garg	4,710

13.	Jayanta Bose	3,438
14.	Nickunj Shah	2,984
15.	Alok Desai	2,648
16.	Neeraj Sabharwal	1,986
17.	Amit Prashar jointly with Devender Prashar	1,933
18.	Devender Prashar jointly with Adesh Prashar	1,933
19.	Deepak Sabharwal jointly with Amita Sabharwal	1,594
20.	Sushil Punyani	1,562
21.	Rajesh Sanikop	1,389
22.	V. V. Balaji	1,168
23.	Pankaj Jain	1,160
24.	S. P. Deshpande	839
25.	Ashok Mundhada	839
26.	Bishwa Kedia jointly with Govind Kedia	705
27.	P. K. Gupta	703
28.	Chitra Chandrashekhar	668
29.	Samishtha Gupta	580
30.	R.J. Gohokar	504
31.	Vijaya Randhir	500
32.	D. R. Choudhary	464
33.	P.N. Gupta	432
34.	Nitranjan awar	420
35.	Savita Mundhada	420
36.	Jayawant Gohokar	419
37.	C.K. Prashanth jointly with C.K. Shantha	406
38.	Manisha Belani jointly with Kalpesh Belani	404
39.	Kalpana Bhuta jointly with Pankaj Bhuta	404
40.	Pranav Bhuta jointly with Pankaj Bhuta & Kalpana Bhuta	404
41.	Prem Dayal Gupta	400
42.	Amita Sabharwal jointly with Deepak Sabharwal	400
43.	Satya Priya Roy	387
44.	Rita Gupta Sanjeev Gupta	387
45.	Sanjeev Kumar Gupta	387
46.	C.P. Garg	381
47.	Rajani Amin	360
48.	Nimesh Amin	360
49.	Pramod Jadhav	352
50.	Vedprakash Madan	352
51.	M.R. Das	352
52.	Anant Singhal	351
53.	Fattechand Avadhiya	351
54.	S.K. Das	346
55.	B.K. Gohokar	344
56.	Vimlawanti Madan	313
57.	Abhay Garg	313
58.	Gomti Kataria jointly with Rajani Gori & Vikram Gori	312
59.	T. R. Uttam Kumar jointly with Josemira K. Narohna	312
60.	Lalit Khullar	312
61.	G. Taquiddin	312
62.	M.S. Jauhal	281
63.	Baban Wandhare	211
64.	Vijay M. Mundhada	211
65.	Sanjay P. Rathi	211

66.	H. V. Shantharam	208
67.	Veenu Sushil Punyani	200
68.	R. Mohan	194
69.	Ajay Patki jointly with Amita Patki	169
70.	A.V. Rama Rao	156
71.	Sudip Datta	156
72.	S. Chandrasekaran	117
73.	Ajay Malvi	100
74.	Sunila Ledwani jointly with Harish Ledwani	100
75.	M Chandrashekara	84
76.	Vrushali Chowfule jointly with Vivek Chowfule	80
77.	Rakesh Malvi	69
78.	K. Bharadwaj	62
79.	K. P. Suresh	62
80.	Vivek Chowfule jointly with Vinayak Chowfule	50
81.	Uma Bhawkar	42
82.	Harish Ledwani	42
83.	Ravindra Gharote	40
84.	P. Satheesh	31
85.	Bussa Rama Krishna	23
	GRAND TOTAL	617670

J. Bonus Issue of 24,018,222 Equity Shares of face value of ₹ 10 /- each as per the details given below:

Sr. No.	Name of Allotees	Number of Equity Shares
1.	Prashant Garg	8,896,758
2.	Dr. Nitin Garg	5,893,932
3.	Chitra Garg	5,255,118
4.	N. K. Garg	1,787,382
5.	Dr. Nitin Garg jointly with Dr. Renuka Garg	451,686
6.	Brijesh Parekh HUF	314,400
7.	Het Mehta	314,400
8.	Yogesh Sanghavi	314,400
9.	Ajay Sangani	236,220
10.	Vidya Nathan	177,192
11.	Alok Desai	95,316
12.	Ajay Jain HUF	60,000
13.	Prashant Garg jointly with Neelu Garg	56,184
14.	Ashok Mundhada	30,216
15.	Neelu Garg	19,200
16.	Ajay Jain	19,200
17.	Anubhav Garg	15,600
18.	Daksha Jain	14,400
19.	T. R. Uttam Kumar	11,244
20.	Lata Kawade	9,000
21.	Abhishek Mehta	7,800
22.	Vinod Kukreja	7,800
23.	Sarika Dhokne	7,800
24.	Ajay Patki	6,084
25.	Sunila Ledwani	3,600
26.	Anita Vijayakar	3,000

27.	Kriti Singhal	3,000
28.	K. P. Suresh	2,250
29.	Anuj Goel	1,800
30.	Harish Ledwani	1,518
31.	P. Satheesh	1,122
32.	Mahesh Kabade	600
	GRAND TOTAL	24,018,222

1. History of preference share capital.

As on the date of this Draft Red Herring Prospectus, our Company does not have any preference share capital.

2. Details of Equity Shares issued for consideration other than cash:

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

Except as disclosed below, our Company has not made any issuance of Equity Shares for consideration other than cash or by way of bonus issue as of the date of this Draft Red Herring Prospectus:

Date of Allotment of Equity Shares	Number of Equity Shares allotted	Face Value per Equity Share (₹)	Issue Price per Equity Share (₹)	Benefits accrued to our Company	Reason/ Nature of allotment	Name of Allottee
February 06, 1991	2,085	100	-	Other than Cash	Bonus Issue in the ratio of 1:2 (one for every two equity shares held)	Allotment of Equity Shares 1. N.S. Gopalakrishnan - 697 2. Narendra Kumar Garg - 694 3. A.T. Harinath - 694
March 31, 1992	3022	100	-	Other than Cash	Bonus Issue in the ratio of 2:5 (two for every five equity shares held)	Allotment of Equity Shares 1. N.S. Gopalakrishnan - 1036 2. N.K Garg – 1033 3. A.T Harinath – 953
April 21, 1992	125	100	-	Other than Cash	Bonus Shares (one for every two equity shares held)	Allotment of Equity Shares to: 1. Vidhya Nathan – 125
April 21, 1992	150	100	-	Other than Cash	Bonus Shares (two equity shares for every five	Allotment of Equity Shares to: 1. Vidhya Nathan – 150

					equity shares held)	
August 12, 1993	17,552	100	-	Other than Cash	Bonus Issue in the ratio of 1:1 (one equity share for every one equity share held)	Refer Table (A) above.
September 20, 1994	17,552	100	-	Other than Cash	Bonus Issue in the ratio of 1:2 (one equity share for every two equity share held)	Refer Table (B) above.
February 22, 1995 [#]	326,556	10	10	Refer Note A	Further Allotment	Allotment of Equity Shares to: 1. Chitra Garg – 163,278 2. Saraswathi Gopalkrishnan – 163,278
November 09, 2003	3,99,368	10	-	Other than Cash	Bonus Issue in the ratio of 1:4 (one for every one equity share held)	Refer Table (D) above.
November 25, 2006	5,49,128	10	-	Other than Cash	Bonus Issue in the ratio of 1:4 (one for every one equity share held)	Refer Table (F) above.
November 17, 2008	617,770	10	-	Other than Cash	Bonus Issue in the ratio of 1:5 (one equity share for every five equity share held)	Refer Table (I) above.
November 29, 2023	24,018,222	10	-	Other than Cash	Bonus Issue in the ratio of 6:1 (six equity shares for every one equity share held)	Refer Table (J) above.

326,556 Equity Shares of our Company were allotted at par to Chitra Garg (163,278 equity shares) and Saraswati Gopalkrishnan (163,278 equity shares) against which the allottees have paid the Company ₹1,500,000/- each and for the balance consideration, Chitra Garg and Saraswati Gopalkrishnan had cumulatively transferred 3,760 equity shares of Diffusion Super Conditioning Private Limited in favour of our Company. (Note A)

3. Issue of Equity Shares under Sections 391 to 394 of the Companies Act, 1956 or Sections 230 to 234 of the Companies Act, 2013

Our Company has not issued or allotted any Equity Shares pursuant to any scheme of arrangement approved under Section 391-394 of the Companies Act, 1956 or section 230-234 of the Companies Act, 2013.

4. Equity Shares issued pursuant to employee stock option schemes

Our Company does not have any Employee Stock Option Schemes.

5. Issue of Equity Shares at a price lower than Issue Price in the last one (1) year

The Issue Price for the Equity Shares is ₹[●]. Except as disclosure in “- *Notes on Capital Structure*” on page 101 our Company has not made an issue of Equity Shares at a price which may be lower than the Issue Price during the a period of one year preceding the date of filing of this Draft Red Herring Prospectus.

4. Shareholding Pattern of our Company

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

S. No (I)	Category of shareholder (II)	Nos. of share holder s (III)	No. of fully paid-up equity shares held (IV)	No. of Partl y paid-up equit y share s held (V)	No. of share s under lying Depo sitory Recei pts (VI)	Total nos. shares held (VII = IV+V+VI)	Sharehold ing as a % of total no. of shares (calculate d as per SCRR, 1957) As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities* (IX)			No. of Shares Underlying Outstandin g convertible securities (including Warrants) (X)	Sharehold ing, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) (XI=VIII+I X)	Number of Locked in shares** (XII)		Number of Shares pledged or otherwise encumbere d (XIII)		Number of equity shares held in demateria lized form (XIV)
								No of Voting Rights		Total as a % of (A+B + C)			No. (a)	As a % of total Sha res held (b)	N o. (a)	As a % of total Shares held (b)	
								Class Equity Shares of ₹10/- each^	Total								
(A)	Promoters & Promoter Group	7	26,086,970	-	-	26,086,970	93.10	26,086,970	26,086,970	93.10	-	-	-	-	-	-	26,086,970
(B)	Public	26	1,934,289	-	-	1,934,289	6.90	1,934,289	1,934,289	6.90	-	-	-	-	52,400	-	222,023
(C)	Non-Promoter-Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Emp. Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	33	28,021,259	-	-	28,021,259	100	28,021,259	28,021,259	100	-	-	-	-	52,400	-	26,308,993

*Our Company is in the process of crediting the Equity Shares to the respective demat accounts of the Shareholders pursuant to Bonus Shares allotted on November 29, 2023.

5. Details of equity shareholding of major shareholders of our Company

- a. Set forth below is the list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of Equity Shares held by them, as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	% of the then existing paid up capital
1.	Prashant Garg	1,03,79,551	37.04
2.	Prashant Garg jointly with Neelu Garg	65,548	0.23
3.	Dr. Nitin Garg	68,76,254	24.54
4.	Chitra Garg	61,30,971	21.88
5.	N. K. Garg HUF	20,85,279	7.44
6.	Dr. Nitin Garg jointly with Dr. Renuka Garg	5,26,967	1.88
7.	Brijesh Parekh HUF	3,66,800	1.31
8.	Yogesh Sanghavi	3,66,800	1.31
9.	Het Mehta	3,14,400	1.12
Total		27,112,570	96.75

- b. Set forth below is the list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of Equity Shares held by them, as of 10 days prior to the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	% of the then existing paid up capital
1.	Prashant Garg	1,03,79,551	37.04
2.	Prashant Garg jointly with Neelu Garg	65,548	0.23
3.	Dr. Nitin Garg	68,76,254	24.54
4.	Chitra Garg	61,30,971	21.88
5.	N. K. Garg HUF	20,85,279	7.44
6.	Dr. Nitin Garg jointly with Dr. Renuka Garg	5,26,967	1.88
7.	Brijesh Parekh HUF	3,66,800	1.31
8.	Yogesh Sanghavi	3,66,800	1.31
9.	Het Mehta	3,14,400	1.12
Total		27,112,570	96.75

- c. Set forth below is the list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of Equity Shares held by them, as of one year prior to the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	% of the then existing paid up capital
1.	Prashant Garg	1,456,593	38.97
2.	Dr. Nitin Garg	982,322	26.28
3.	Chitra Garg	849,653	22.73
4.	N K Garg HUF	297,897	7.97

Sr. No.	Name of the Shareholder	Number of Equity Shares held	% of the then existing paid up capital
5.	Dr. Nitin Garg and Dr. Renuka Garg	75,281	2.01
	Total	3,661,746	97.97

- d. Set forth below is the list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company on a fully diluted basis and the number of Equity Shares held by them, as of two years prior to the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Number of Equity Shares held	% of the then existing paid up capital
1.	Prashant Garg	1,456,593	38.97
2.	Dr. Nitin Garg	982,322	26.28
3.	Chitra Garg	849,653	22.73
4.	N K Garg HUF	297,897	7.97
5.	Dr. Nitin Garg and Dr. Renuka Garg	75,281	2.01
	Total	3,661,746	97.97

6. Our Company presently does not intend or propose to alter its capital structure for a period of six(6) months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of further public issue of Equity Shares, or otherwise. However, if business needs of our Company so require, our Company may alter the capital structure by way of split/ consolidation of the denomination of the Equity Shares/ issue of Equity Shares on a preferential basis or issue of bonus or rights or public or preferential issue of Equity Shares or any other securities during the period of six (6) months from the date of opening of the Issue or from the date the application moneys are refunded on account of failure of the Issue, after seeking and obtaining all the approvals which may be required.

7. History of build-up of Promoters' shareholding (including Promoters' contribution) and Lock-in of Promoters' shareholding:

i. Build-up of Promoters' shareholding.

As on the date of this Draft Red Herring Prospectus, our Promoters hold the pre-Issue issued, subscribed and paid-up Equity Share Capital of our Company in the following manner:

Category	Number of Equity Shares held	Percentage of pre-Issue paid up capital (%)
Prashant Garg	10,379,551	37.04
Prashant Garg jointly with Neelu Garg	65,548	0.23
Dr. Nitin Garg	6,876,254	24.54
Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	1.88
Chitra Garg	6,130,971	21.88
Total (A)	23,979,291	85.58

Further, none of the Equity Shares held by our Promoters are pledged.

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
Prashant Garg							
April 11, 2001	5,000	10	-	Cash	Transmission from Kiran Devi Garg jointly with Prashant Garg	0.02	[●]
November 21, 2002	1,500	10	24	Cash	Transfer from K. Subrahmania	0.01	[●]
January 14, 2003	1,000	10	24	Cash	Transfer from K. Subrahmania	0.00	[●]
November 09, 2003	1,875	10	--	Other than Cash	Bonus Issue in the ratio of 1:4 (one equity share for every one equity share held)	0.01	[●]
December 22, 2005	1,629	10	40	Cash	Rights Issue	0.01	[●]
August 25, 2006	2,751	10	--	Other than Cash	Bonus Issue in the ratio of 1:4 (one for every four equity share held)	0.01	[●]
March 26, 2007	3,438	10	40	Cash	Transfer from Rajani Nathani	0.01	[●]
March 26, 2007	359	10	40	Cash	Transfer from R. Nathani and Rajani Nathani	0.00	
December 22, 2007	6,000	10	40	Cash	Rights Issue	0.02	[●]
August 11, 2008	14,000	10	40	Cash	Sweat Equity	0.05	[●]
November 17, 2008	4,710	10	--	Other than Cash	Bonus Issue in the ratio of 1:5 (one for every five-equity share held)	0.02	[●]
November 10, 2009	10,000	10	100	Cash	Transfer from Manfred Kluge	0.04	[●]
December 26, 2011	10,000	10	100	Cash	Transfer from Manfred Kluge	0.04	[●]
July 19, 2013	136	10	100	Cash	Transfer from Bussa Rama Krishna	0.00	[●]
August 21, 2013	75,000	10	130	Cash	Transfer from Manfred Kluge	0.27	[●]

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
August 21, 2013	22,514	10	130	Cash	Transfer from Marion Bush	0.08	[●]
August 21, 2013	25,000	10	130	Cash	Transfer from Stefanie Kummerow	0.09	[●]
March 13, 2014	26,258	10	130	Cash	Transfer from Marion Bush	0.09	[●]
July 09, 2014	31,286	10	132	Cash	Transfer from Manfred Kluge	0.11	[●]
January 16, 2015	20,000	10	132	Cash	Transfer from Stefanie Kummerow	0.07	[●]
July 31, 2015	50,000	10	132	Cash	Transfer from Manfred Kluge	0.18	[●]
February 10, 2015	250	10	110	Cash	Transfer from P N Gupta	0.00	[●]
February 10, 2015	2,578	10	110	Cash	Transfer from Samishtha Gupta	0.01	[●]
April 21, 2016	100	10	130	Cash	Transfer from Manoj Panurkar	0.00	[●]
April 21, 2016	250	10	130	Cash	Transfer from Bandu Pund	0.00	[●]
April 21, 2016	50	10	130	Cash	Transfer from Deepak Patle	0.00	[●]
April 21, 2016	50	10	130	Cash	Transfer from Ramesh Bagde	0.00	[●]
April 21, 2016	50	10	130	Cash	Transfer from Bhaudas Lokhande	0.00	[●]
April 21, 2016	50	10	130	Cash	Transfer from Vijay Mahalle	0.00	[●]
April 21, 2016	50	10	130	Cash	Transfer from Shankpal Punde	0.00	[●]
April 21, 2016	50	10	130	Cash	Transfer from Sachin Nighade	0.00	[●]
April 21, 2016	596	10	130	Cash	Transfer from S. Chandrasekharan	0.00	[●]
April 21, 2016	1,874	10	130	Cash	Transfer from Lalit Khullar	0.01	[●]
April 21, 2016	2,108	10	130	Cash	Transfer from Fattechand Awadhiya	0.01	[●]
May 17, 2016	2,400	10	110	Cash	Transfer from Prem Dayal Gupta	0.01	[●]

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
May 17, 2016	2,110	10	120	Cash	Transfer from Manas Ranjan Das	0.01	[●]
May 17, 2016	377	10	130	Cash	Transfer from R.G. Gharote	0.00	[●]
May 17, 2016	100	10	130	Cash	Transfer from Liladhar Patle	0.00	[●]
May 17, 2016	100	10	130	Cash	Transfer from Sachin Malao	0.00	[●]
May 17, 2016	100	10	130	Cash	Transfer from Sudhir Lanjewar	0.00	[●]
May 17, 2016	50	10	130	Cash	Transfer from Dnyanashawar Pande	0.00	[●]
June 09, 2016	506	10	130	Cash	Transfer from M. Chandrashekara	0.00	[●]
June 09, 2016	104	10	130	Cash	Transfer from S. Chandrashekara	0.00	[●]
June 09, 2016	100	10	130	Cash	Transfer from Anup Choudhari	0.00	[●]
July 07, 2016	100	10	130	Cash	Transfer from Manoj Pannase	0.00	[●]
August 10, 2016	30,000	10	137	Cash	Transfer from Manfred Kluge	0.11	[●]
September 10, 2016	1,164	10	130	Cash	Transfer from R. Mohan	0.00	[●]
September 20, 2016	21,866	10	130	Cash	Transfer from Vijay Bahl jointly with Asha Bahl	0.08	[●]
January 20, 2017	100	10	130	Cash	Transfer from Gajanan Padole	0.00	[●]
January 20, 2017	50,000	10	137	Cash	Transfer from Manfred Kluge	0.18	[●]
March 24, 2017	50,000	10	137	Cash	Transfer from Manfred Kluge	0.18	[●]
October 10, 2017	1,264	10	175	Cash	Transfer from Sanjay Rathi	0.00	[●]
October 10, 2017	2,518	10	175	Cash	Transfer from Savita Mundhada	0.01	[●]
October 10, 2017	1,264	10	175	Cash	Transfer from Vijay Mundhada	0.00	[●]
October 10, 2017	20,626	10	201	Cash	Transfer from Jayanta Bose	0.07	[●]

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
February 12, 2018	156,286	10	137	Cash	Transfer from Manfred Kluge	0.56	[●]
September 07, 2018	1,246	10	171	Cash	Transfer from H.V. Shantharam	0.00	[●]
February 07, 2020	100,000	10	-	Other than cash	Transmission from Narendra Kumar Garg	0.36	[●]
July 10, 2020	693,700	10	-	Other than cash	Transfer by way of gift from Dr. Nitin Garg	2.48	[●]
October 11, 2023	26,200	10	762	Cash	Preferential Allotment	0.09	[●]
November 29, 2023	8,896,758	10	-	Other than Cash	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)	31.75	[●]
Total (A)	10,379,551					37.04	
Prashant Garg jointly with Neelu Garg							
December 09, 2014	937	10	130	Cash	Transfer from A V Rama Rao	0.00	[●]
December 09, 2014	1,406	10	130	Cash	Transfer from M S Jauhal	0.01	[●]
December 09, 2014	100	10	100	Cash	Transfer from Rama Yadav	0.00	[●]
December 09, 2014	100	10	100	Cash	Transfer from Pundlik Fulzele	0.00	[●]
April 15, 2015	281	10	130	Cash	Transfer from M S Jauhal	0.00	[●]
February 13, 2017	4,230	10	130	Cash	Transfer from Bishwa Nath Kedia jointly with Govind Dev Kedia	0.02	[●]
February 13, 2017	200	10	130	Cash	Transfer from Kalpana Phalak jointly with Jagdish Phalak	0.00	[●]
February 22, 2017	2,110	10	130	Cash	Transfer from Pramod Jadhav	0.01	[●]
November 29, 2023	56,184	10	-	Other than Cash	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)	0.20	[●]
Total (B)	65,548					0.23	[●]

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
Dr. Nitin Garg							
March 18, 1995	5,000	10	15	Cash	Preferential Allotment	0.02	[●]
July 08, 1997	3,000	10	12	Cash	Transfer from A. T. Harinath	0.01	[●]
July 12, 1999	8,400	10	29	Cash	Transfer from N. S. Gopalakrishanan	0.03	[●]
August 09, 1999	2,700	10	29	Cash	Transfer from G. Saraswathi	0.01	[●]
September 04, 1999	1,000	10	15	Cash	Transfer from Gouri Edbor	0.00	[●]
January 01, 2000	3,000	10	15	Cash	Transfer from A. T. Harinath	0.00	[●]
November 09, 2003	5,775	10	-	Other than Cash	Bonus Issue in the ratio of 1:4 (one for every four equity share held)	0.00	[●]
December 22, 2005	3,000	10	40	Cash	Rights Issue	0.01	[●]
August 25, 2006	7,969	10	--	Other than Cash	Bonus Issue in the ratio of 1:4 (one for every four equity share held)	0.02	[●]
December 22, 2007	6,000	10	40	Cash	Rights Issue	0.01	[●]
August 11, 2008	9,169	10	-	Other than Cash	Bonus Issue in the ratio of 1:5 (one for every five-equity share held)	0.03	[●]
November 05, 2014	1,876	10	130	Cash	Transfer from Abhay Garg	0.02	[●]
December 31, 2015	1,668	10	110	Cash	Transfer from P N Gupta	0.03	[●]
January 22, 2016	500	10	100	Cash	Transfer from Ajay Malvi	0.01	[●]
January 22, 2016	300	10	100	Cash	Transfer from Ajay Malvi & Kiran Malvi	0.01	[●]
January 22, 2016	250	10	100	Cash	Transfer from Vivek Chawfule	0.00	[●]
January 22, 2016	415	10	100	Cash	Transfer from Rakesh Malvi	0.00	[●]

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
July 7, 2016	200	10	130	Cash	Transfer from Vivek Chawfule	0.00	[●]
July 7, 2016	480	10	130	Cash	Transfer from Vrushali Chawfule	0.00	[●]
September 10, 2016	100	10	130	Cash	Transfer from Deepak Deshpande	0.00	[●]
December 21, 2016	30,000	10	137	Cash	Transfer from Manfred Kluge	0.11	[●]
July 21, 2017	125,029	10	130	Cash	Transfer from Manfred Kluge	0.45	[●]
February 7, 2020	100,000	10	-	Other than cash	Transmission from Narendra Kumar Garg	0.36	[●]
March 20, 2020	1,360,191	10	-	Other than cash	Transmission from N. K. Garg	4.85	[●]
July 10, 2020	(693,700)	10	-	Other than cash	Transfer by way of gift to Prashant Garg	(2.48)	[●]
November 29, 2023	5,893,932	10	-	Other than Cash	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)	21.03	[●]
Total (C)	6,876,254					24.54	
Dr. Nitin Garg jointly with Dr. Renuka Garg							
December 06, 2001	25,000	10	40	Cash	Transfer from Chitra Garg	0.09	[●]
November 09, 2003	6,250	10	-	Other than Cash	Bonus Issue in the ratio of 1:4 (one equity share for every four equity share held)	0.02	[●]
December 22, 2005	3,200	10	40	Cash	Rights Issue	0.01	[●]
November 22, 2006	8,613	10	-	Other than Cash	Bonus Issue in the ratio of 1:4 (one equity share for every one equity share held)	0.03	[●]
December 25, 2007	6,000	10	40	Cash	Rights Issue	0.02	[●]
November 17, 2008	9,813	10	-	Other than Cash	Bonus Issue in the ratio of 1:5 (one equity share for	0.04	[●]

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
					every five equity share held)		
December 26, 2011	10,000	10	100	Cash	Transfer from Manfred Kluge	0.04	[●]
February 22, 2017	6,405	10	133	Cash	Transfer from Rajesh Sanikop	0.02	[●]
November 29, 2023	451,686	10	-	Other than Cash	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)	1.61	[●]
Total (D)	526,967					1.88	
Chitra Garg							
March 27, 1992	250	100	100	Cash	Further Allotment	0.00	[●]
March 31, 1993	340	100	100	Cash	Further Allotment	0.00	[●]
August 12, 1993	590	100	-	Other than Cash	Bonus Issue in the ratio of 1:1 (one equity share for every one equity share held)	0.00	[●]
September 20, 1994	590	100	-	Other than Cash	Bonus Issue in the ratio of 1:2 (one equity share for every two equity shares held)	0.00	[●]
November 18, 1994	Our Company has sub-divided the equity shares of face value ₹100 each into equity shares of face value ₹10 each. Accordingly, the Promoter's contribution changed was sub-divided from 1,770 equity shares of ₹100/- each to 17,700 equity shares of ₹10/- each.						
February 22, 1995	163,278	10	10	Other than Cash and Cash	Further Allotment (In exchange for shares of Diffusion Super Conditioning Services Private Limited Shares)	0.58	[●]
July 8, 1997	2,420	10	10	Cash	Transfer from A. T. Harinath	0.01	[●]
July 12, 1999	15,000	10	10	Cash	Transfer from Diffusion Super Conditioning Services Limited	0.05	[●]
July 12, 1999	34,400	10	29	Cash	Transfer from N. S. Gopalakrishanan	0.12	[●]

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
July 12, 1999	5,000	10	28	Cash	Transfer from Lalitha Krishanan	0.02	[●]
July 12, 1999	1,320	10	29	Cash	Transfer from G. Saraswathi	0.00	[●]
August 9, 1999	15,000	10	29	Cash	Transfer from Tara Shrikanth	0.05	[●]
August 9, 1999	10,000	10	29	Cash	Transfer from G. Saraswathi	0.04	[●]
January 1, 2000	38,000	10	15	Cash	Transfer from A. T. Harinath	0.14	[●]
October 24, 2000	25,000	10	24	Cash	Transfer from Sapat Prakash	0.09	[●]
February 6, 2001	10,000	10	22	Cash	Transfer from Ravi Krishnan	0.04	[●]
February 6, 2001	800	10	20	Cash	Transfer from Ajay Patki	0.00	[●]
December 06, 2001	(25,000)	10	40	Cash	Transfer to Dr. Nitin Garg jointly with Dr. Renuka Garg	-0.09	[●]
November 21, 2002	1,000	10	24	Cash	Transfer from Sumant Kumar Gupta	0.00	[●]
November 09, 2003	78,480	10	-	Other than Cash	Bonus Issue in the ratio of 1:4 (one for every four equity share held)	0.28	[●]
December 22, 2005	39,240	10	40	Cash	Rights Issue	0.14	[●]
August 05, 2006	107,910	10	--	Other than Cash	Bonus Issue in the ratio of 1:4 (one for every four equity share held)	0.39	[●]
December 22, 2007	87,444	10	40	Cash	Rights Issue	0.31	[●]
August 11, 2008	125,398	10	--	Other than Cash	Bonus Issue in the ratio of 1:5 (one for every five-equity share held)	0.45	[●]
November 10, 2009	10,000	10	100	Cash	Transfer from Manfred Kluge	0.04	[●]
December 26, 2011	50,000	10	100	Cash	Transfer from Manfred Kluge	0.18	[●]

Date of Allotment/ Transfer/ when made fully paid up*	Number of Equity Shares	Face Value Per Share (₹)	Issue/ Acquisition/ Sale Price per Share (₹)**	Nature of Consideration	Nature of Transaction	% of pre Issue equity share capital	% of post Issue equity share capital
October 22, 2014	11,600	10	130	Cash	Transfer from Amit Parashar	0.04	[●]
September 20, 2016	18,600	10	138	Cash	Transfer from Vijay Bahl	0.07	[●]
February 13, 2017	2,321	10	130	Cash	Transfer from Sanjeev Kumar Gupta	0.01	[●]
February 13, 2017	2,320	10	130	Cash	Transfer from Rita Gupta	0.01	[●]
March 24, 2017	2,422	10	175	Cash	Transfer from Kalpana Bhuta	0.01	[●]
October 11, 2023	26,200	10	762	Cash	Preferential Allotment	0.09	[●]
November 29, 2023	5,255,118	10	-	Other than Cash	Bonus Issue in the ratio of 6:1 (Six for every one equity share held)	18.75	[●]
Total (E)	6,130,971					21.88	[●]
Total (A+B+C+D +E)	23,979,291					85.58	

* All the Equity Shares held by our Promoter were fully paid up as on the respective dates of acquisition of such Equity Shares.

** Cost of acquisition excludes Stamp Duty

ii. Details of Lock-in of Equity Share capital:

a) **Promoters' Contribution locked-in for three (3) years**

Pursuant to Regulation 14 and 16 of the SEBI ICDR Regulations, an aggregate of at least 20% of the post-Issue Equity Share Capital of our Company held by our Promoters shall be considered as Promoters' Contribution ("**Promoters' Contribution**") and shall be locked-in for a period of three (3) years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchanges before listing of the Equity Shares.

All Equity Shares held by our Promoters are eligible for Promoters' Contribution, pursuant to Regulation 15 of the SEBI ICDR Regulations.

Our Promoters have consented to the inclusion of such number of the Equity Shares held by them, in aggregate, as may constitute 20% of the post-Issue equity share capital of our Company as Promoters' Contribution and have agreed not to sell, charge or transfer or pledge or otherwise dispose of in any manner, the Promoters' Contribution, for a period of three (3) years from the date of allotment in the Issue.

The below Equity Shares proposed to form part of Promoters' Contribution subject to lock-in shall not be disposed of/ sold/ transferred by our Promoters during the period starting from the date of filing this Draft Red Herring Prospectus with the Stock Exchanges until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

Accordingly, Equity Shares aggregating to 20% of the post-Issue capital of our Company, held by our Promoters shall be locked-in for a period of three (3) years from the date of Allotment in the Issue as follows:

Date on which the Equity Shares were Allotted/made fully paid up/Acquired	No. of Equity shares locked-in*	Face Value Per Share (₹)	Issue/ Acquisition Price Per Share (₹)	Nature of transaction	% of post-Issue share capital **	Period of Lock-in	Date up to which the Equity Shares are subject to lock-in **
Prashant Garg							
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Prashant Garg jointly with Neelu Garg							
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Dr. Nitin Garg							
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]						
Dr. Nitin Garg jointly with Dr. Renuka Garg							
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Chitra Garg							
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated at the Prospectus stage

**All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition as the case may be, of such Equity Shares*

***Subject to finalization of Basis of Allotment*

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

The Equity Shares that are being locked are eligible for computation of Promoters' Contribution under Regulation 15 of the SEBI ICDR Regulations. In this respect, we confirm the following:

- i) that the minimum Promoters' Contribution does not consist of Equity Shares acquired during the preceding three years, which have been acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets is involved in such transaction;
- ii) that the minimum Promoters' Contribution does not consist of Equity Shares acquired during the preceding three years, resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from bonus issue against Equity Shares which are ineligible for minimum promoters' contribution;
- iii) that the minimum Promoters' Contribution does not consist of Equity Shares acquired during the one (1) year immediately preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the price at which the Equity Shares are being offered to the public in the Issue;
- iv) that the Equity Shares held by our Promoters which are offered for minimum Promoters' Contribution are not subject to any pledge or any other form of encumbrance whatsoever; and all the Equity Shares of our Company held by the Promoters are dematerialized;
- v) The Equity Shares offered for Promoters' Contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoters for inclusion of its subscription in the Promoters' Contribution subject to lock-in.

b) Details of Equity Shares Locked-in

In terms of Regulation 16(1)(b) and 17 of the SEBI ICDR Regulations, the Promoters' holding in excess of minimum Promoters' Contribution, which will be locked-in for one (1) year and the entire pre-Issue capital held by the persons other than Promoters, all the pre-Issue Equity Share capital shall be subject to lock-in for a period of six (6) months from the date of Allotment.

The shares which are in dematerialized form shall be locked-in by the respective depositories. The details of lock-in of the Equity Shares shall also be provided to the Designated Stock Exchange before the listing of the Equity Shares.

c) Lock-in of Equity Shares Allotted to Anchor Investors

50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

d) Other requirements in respect of lock-in

In terms of Regulation 21 of the SEBI ICDR Regulations, locked-in Equity Shares for one (1) year held by our Promoters may be pledged only with scheduled commercial banks or public financial institutions or a systematically important non-banking finance company or a housing finance company as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of the loan. Equity Shares locked-in as Promoters' Contribution for 18 months under Regulation 16(a) of the SEBI ICDR Regulations may be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted to the Issuer Company or its subsidiary(ies) by such banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

Provided that such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the specified securities till the lock-in period stipulated in the SEBI ICDR Regulations has expired.

In terms of Regulation 22 of the SEBI ICDR Regulations, the Equity Shares held by Promoters and locked-in as per Regulation 16 may be transferred to another Promoter or any person of the Promoter Group or a new Promoter and the Equity Shares held by persons other than the Promoters and locked-in in terms of Regulation 17, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations and such transferee shall not be eligible to transfer them until the lock-in period stipulated in the SEBI ICDR Regulations has expired.

- e) We further confirm that our Promoters' Contribution of 20% of the post-Issue Equity Share capital does not include any contribution from Alternative Investment Fund, Foreign Venture Capital Investors, Scheduled Commercial Banks, Public Financial Institutions or Insurance Companies registered with Insurance Regulatory and Development Authority of India.
8. As on the date of this Draft Red Herring Prospectus, our Company has 33 shareholders.
9. Details of the pre and post-Issue shareholding of our Promoters and Promoter Group is as below:

Our Promoters and Promoter Group holds 93.10% of the pre-Issue Equity Share Capital of our Company. Except as stated below, our Promoters and the members of our Promoter Group do not hold any Equity Shares in our Company as on date of this Draft Red Herring Prospectus:

Particulars	Pre-Issue		Post-Issue	
	Number of Equity Shares	Percentage (%) holding	Number of Equity Shares	Percentage (%) holding
Promoters				
Prashant Garg	10,379,551	37.04	10,379,551	[●]
Prashant Garg jointly with Neelu Garg	65,548	0.23	65,548	[●]
Dr. Nitin Garg	6,876,254	24.54	6,876,254	[●]
Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	1.88	526,967	[●]
Chitra Garg	6,130,971	21.88	6,130,971	[●]
Total (A)	23,979,291	85.58	23,979,291	[●]
Promoter Group				

Particulars	Pre-Issue		Post-Issue	
	Number of Equity Shares	Percentage (%) holding	Number of Equity Shares	Percentage (%) holding
Neelu Garg	10,379,551	0.08	10,379,551	[●]
N. K. Garg HUF	65,548	7.44	65,548	[●]
Total (B)	6,876,254	7.52	6,876,254	[●]
Total (A+B)	526,967	93.10	526,967	[●]

10. None of the Equity Shares held by our Promoters and the members of our Promoter Group are pledged or otherwise encumbered.
11. Except as disclose below, none of the members of our Promoter Group, or our Director or their relatives have sold or purchased Equity Shares of our Company during the six (6) months immediately preceding the date of this Draft Red Herring Prospectus.

Date	Nature of Transaction	Number of Equity Shares	Face Value of Equity Shares (₹)	Issue/ Transaction Price per Equity Share (₹)	Total Consideration (₹)
October 11, 2023	Preferential Allotment to Prashant Garg	26,200	10	762	19,964,400
October 11, 2023	Preferential Allotment to Chitra Garg	26,200	10	762	19,964,400
October 11, 2023	Preferential Allotment to Ajay Jain	3,200	10	762	2,438,400
October 11, 2023	Preferential Allotment to Daksha Jain	2,200	10	762	1,676,400
October 11, 2023	Preferential Allotment to Neelu Garg	3,200	10	762	2,438,400

12. Except as disclosed in “Our Management – Shareholding of the Directors” and “Our Management – Shareholding of the Key Managerial Personnel and Senior Management” on pages 271 and 284 respectively, none of the Directors, Key Managerial Personnel or Senior Management hold any Equity Shares as on the date of this Draft Red Herring Prospectus.
13. There are no financing arrangements whereby the Promoters, members of our Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of the Issuer during the period of 6 (six) months immediately preceding the date of filing the Draft Red Herring Prospectus.
14. Our Company, our Directors, our Promoters and the BRLM have not entered into any buy-back and/ or standby and/ or similar arrangements for the purchase of Equity Shares of our Company, offered through this Draft Red Herring Prospectus, from any person.

15. The Equity Shares are fully paid-up and there are no partly-paid up Equity Shares as on the date of this Draft Red Herring Prospectus. Since the entire Issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.
16. Our Company does not have any ESOP schemes.
17. Except for Brijesh Parekh HUF and Yogesh Sanghavi holding 366,800 Equity Shares and 366800 Equity Shares respectively, the BRLM and their associates and their respective associates (as defined in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares in our Company as on the date of filing of this Draft Red Herring Prospectus. The BRLM and their respective affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may, in the future, engage in investment banking transactions with our Company, for which they may receive customary compensation.
18. We have not granted any options or issued any shares under any scheme of employee stock option or employees stock purchase in the preceding three (3) years and we do not intend to allot any Equity Shares to our Employees under ESOS/ ESOP scheme from proposed Issue.
19. Except as disclosed in “Capital Structure – Notes on the Capital Structure” on page 101, our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
20. ***Price at which Equity Shares were acquired in the last three years, by our Promoter, members of the Promoter Group***

The details of the price at which Equity Shares were acquired in the three years preceding the filing of this Draft Red Herring Prospectus, by our Promoter, members of the Promoter Group are as follows:

Name of Acquirer	Date of Acquisition of Equity Shares	No. of Equity shares acquired	Acquisition price per Equity Share(₹)	Nature of Acquisition
Promoters				
Prashant Garg	October 11, 2023	26,200	762	Preferential Allotment
	November 29, 2023	8,896,758	-	Bonus Issue in the ratio of 6:1 (Six for every one Equity Share held)
Prashant Garg jointly with Neelu Garg	November 29, 2023	56,184	-	Bonus Issue in the ratio of 6:1 (Six for every one Equity Share held)
Dr. Nitin Garg	November 29, 2023	5,893,932	-	Bonus Issue in the ratio of 6:1 (Six for every one Equity Share held)
Dr. Nitin Garg jointly	November 29, 2023	451,686	-	Bonus Issue in the ratio of 6:1 (Six for

with Dr. Renuka Garg				every one Equity Share held)
Chitra Garg	October 11, 2023	26,200	762	Preferential Allotment
	November 29, 2023	5,255,118	-	Bonus Issue in the ratio of 6:1 (Six for every one Equity Share held)
Promoter Group Member				
Neelu Garg	October 11, 2023	3,200	762	Preferential Allotment
	November 29, 2023	19,200	-	Bonus Issue in the ratio of 6:1 (Six for every one Equity Share held)
N. K. Garg HUF	November 29, 2023	1,787,382	-	Bonus Issue in the ratio of 6:1 (Six for every one Equity Share held)

21. The average cost of acquisition of or subscription of shares by our Promoters is set forth in the table below:

Sr. No.	Name of the Promoter	No. of Shares held	Average cost of Acquisition* (Rs. Per share)
1.	Prashant Garg	10,379,551	10.11
2.	Prashant Garg jointly with Neelu Garg	65,548	18.48
3.	Dr. Nitin Garg	6,876,254	3.31
4.	Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	6.11
5.	Chitra Garg	6,130,971	6.58

* As certified by PGS & Associates, Chartered Accountants by way of their certificate dated December 21, 2023

22. As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments, financial instruments or any other rights which would entitle Promoters or any shareholders or any other person any option to acquire our Equity Shares after this Initial Public Issue.
23. An applicant cannot make an application more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
24. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus until the Equity Shares to be issued pursuant to the Issue have been listed.
25. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 49 of SEBI ICDR Regulations.

26. None of our Equity Shares have been issued out of revaluation reserve created out of revaluation of assets.
27. An over-subscription to the extent of 1% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 1% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to 3 years lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
28. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange i.e. [●]. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.
29. The unsubscribed portion in any reserved category, if any, may be added to any other reserved category.
30. There are no Equity Shares against which depositories receipts have been issued.
31. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
32. As per RBI regulations, OCBs are not allowed to participate in this Issue.
33. Our Company has not raised any bridge loans against the proceeds of the Issue.
34. Our Company shall comply with such disclosure and accounting norms as may be specified by stock exchange, SEBI and other regulatory authorities from time to time.
35. Our Promoters and Promoter Group will not participate in this Issue.
36. This Issue is being made through Book Building method.
37. The BRLM, our Company, members of the Syndicate, our Directors, our Promoters, our Promoter Group and/ or any person connected with the Issue shall not offer any incentive, whether direct or indirect, in the nature of discount, commission, and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant, for making an Application.
38. There are no safety net arrangements for this Issue.
39. Our Company shall ensure that transactions in Equity Shares by our Promoters and members of the Promoter Group, if any, between the date of filing of the Draft Red Herring Prospectus and the Issue Closing Date will be reported to the Stock Exchanges within 24 hours of such transactions being completed.

OBJECTS OF THE ISSUE

Our Company proposes to utilize the Net Proceeds from the Issue towards funding the following objects:

1. Funding capital expenditure requirements towards expansion of our existing manufacturing facility at Khasra No. 36, 37, 38/1, 38/2, 38/3, Khapri (Uma), Nagpur- 441 501, Maharashtra (**“Proposed Expansion”**)
2. Setting up of a new manufacturing facility located at Plot Nos. 33-B/1/1/ & 33-B/1/1/Part, MIDC, Hingna, Sonegaon District, Nagpur – 440 016, Maharashtra (**“Proposed Facility”**)
3. Funding working capital requirements of the Company; and
4. General Corporate Purposes

(collectively, referred to herein as the **“Objects”**)

The main objects clause and the objects incidental and ancillary to the main objects clause of our Memorandum of Association enables us to (i) to undertake our existing business activities; and (ii) undertake the activities for which the funds are being raised by us in the Issue and are proposed to be funded from the Net Proceeds (including the activities for which the funds earmarked towards general corporate purposes shall be used). In addition to the above Objects, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including enhancement of our Company’s brand name and creation of a public market for our Equity Shares in India.

Net Proceeds

The details of the proceeds from the Issue are summarised in the following table:

(₹ in million)

Particulars	Estimated Amount ⁽¹⁾
Gross proceeds of the Issue	[•]
(less) Issue Expenses ⁽²⁾	[•]
Net Proceeds of the Issue	[•]

⁽¹⁾ To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

⁽²⁾ For details, please see “Issue related expenses” on page 161 of this Draft Red Herring Prospectus

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in accordance with the details provided in the following table:

(₹ in million)

Particulars	Amount
Funding capital expenditure requirements towards Proposed Expansion	666.33
Setting up of a Proposed Facility	303.85
Funding working capital requirements of the Company	220.00
General Corporate Purposes ⁽¹⁾	[•]
Net Proceeds	[•]

⁽¹⁾ To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Proposed schedule of implementation and deployment of Net Proceeds

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

(₹ in million)

Particulars	Total estimated cost	Total amount spent on the objects as of December 20, 2023 ⁽¹⁾	Total estimated amount from Net Proceeds	Year wise break-up of the expenditure	
				Fiscal 2025	Fiscal 2026
Funding capital expenditure requirements towards expansion of our existing manufacturing facility at Khapri (Uma), Nagpur, Maharashtra	666.33 ⁽¹⁾	-	666.33	474.42	191.91
Setting up of a new manufacturing facility located at Hingna, Sonegaon District, Nagpur	348.85 ⁽¹⁾	45.00 ⁽²⁾⁽⁴⁾	303.85	233.32	70.53
Funding Working Capital Requirements of the Company	220.00 ⁽²⁾	-	220.00	220.00	-
General Corporate Purposes ⁽³⁾	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]

⁽¹⁾ Total estimated cost as per Chartered Engineer certificates dated December 21, 2023 issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineer

⁽²⁾ As certified by M/s. PGS & Associates, Chartered Accountants, our Statutory Auditors, by way of their certificate dated December 21, 2023

⁽³⁾ To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

⁽⁴⁾ Our company has made payment of ₹45.00 million from internal accruals towards acquisition of Land for the proposed facility

Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business strategy and external factors such as market conditions, competitive environment and interest or exchange rate fluctuations, changes in design and configuration of the project, increase in input costs of construction materials and labour costs, logistics and transport costs incremental preoperative expenses, taxes and duties, interest and finance charges, engineering procurement and construction costs, working capital margin, regulatory costs, environmental factors and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, at the discretion of our management, subject to compliance with applicable law.

Moreover, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the aggregate of the gross proceeds of the Issue, in accordance with Regulation 7(2) of the SEBI ICDR Regulations. In case of a shortfall in raising requisite capital from the Net Proceeds or an increase in the total estimated cost of the Objects, business

considerations may require us to explore a range of options including utilising our internal accruals and seeking debt lenders. In furtherance, that such alternate arrangements would be available to fund any such shortfalls.

Further, in case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent financial year towards the aforementioned Objects.

All quotations mentioned in this section are valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendor would be engaged to eventually supply the equipment at the same costs. We are yet to place orders for any of the components of the Proposed Project. Further, for risk arising out of the Objects, see Risk Factors no. 13 – *“We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for such capital expenditure machinery.”* on page 47 of this Draft Red Herring Prospectus. This includes part financing the cost of establishing the Proposed Project which may be subject to the risk of unanticipated delays in implementation, cost overruns and other risks and uncertainties.

Further, the Objects of the Issue includes orders for purchase of machinery which have not yet been placed. There can be no assurance that we would be able to procure equipment at the estimated costs. If we engage someone other than the vendors from whom we have obtained quotations or if the quotations obtained expire, such vendor’s estimates and actual costs for the services may differ from the current estimates. Some of the quotations mentioned above do not include cost of freight, insurance, goods and services tax (wherever applicable) and other applicable taxes as these can be determined only at the time of placing of orders. Such additional costs shall be funded from the Net Proceeds allocated towards general corporate purposes or through contingencies, if required. In case of increase in the estimated costs, such additional costs shall be incurred from our internal accruals.

Details of the Objects of the Issue

1. Funding capital expenditure requirements towards expansion of our existing manufacturing facility at Khapri (Uma), Nagpur, Maharashtra

Expanding our existing manufacturing facility at Khapri (Uma), Nagpur, Maharashtra is a strategic move driven by several reasons including, our current manufacturing operations include the production, refurbishment, and fabrication of heavy engineering equipment for the cement, steel, and power sectors. However, the existing space limitations prevent us from taking on sizable heavy engineering projects. This expansion will address this constraint, enabling us to undertake larger and more complex jobs in heavy engineering as well as welding consumables and wear parts products. The cement, steel, and power sectors are experiencing robust growth, presenting significant opportunities for its sub sectors also to grow. To actively participate in this industry growth, it is imperative to have the capacity to undertake substantial heavy engineering projects.

Also as mentioned in our strategies, we are venturing into mining and defence industries where there is a substantial demand of wear and tear resistant solutions. This expansion facilitates the integration of these solutions into our product portfolio, allowing us to tap into new markets and diversify our business.

Further, our Unit IV's strategic location, adjacent to a highway in Nagpur, Maharashtra, thus enhances our logistical capabilities. This advantageous positioning facilitates the efficient transportation of heavy engineering equipment to various parts of the country. Improved logistics contribute to timely project deliveries and customer satisfaction.

Following this expansion, our heavy engineering equipment business will reach a capacity where further expansion is not anticipated for at least the next couple of years. This strategic decision ensures optimal utilization of resources and allows for focused operations.

The capital expenditure required for this expansion is optimized as we already possess the required land. The financial investment will primarily be directed towards construction, civil work, and the acquisition of machinery essential for our heavy engineering equipment and flux cored wire businesses. This cost-effective approach ensures prudent resource allocation.

Capacity and Schedule of Implementation

The installed capacity of the of Proposed Expansion including the existing plant capacity will be 4920 Metric Tons / Annum for wear plate, 1080 Metric Tons/ Annum for Flux Cored Wires & 12000 Metric Tons / Annum for heavy Engineering Fabrication as per the certificate dated December 21, 2023 issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineer and is expected to commence production by third quarter of financial year 2025.

Sr. No	Particulars	Status / Expected commencement date	Expected completion date
1.	Land acquisition	Completed	
2.	Site development, civil and structural works	July 2024	December 2024
3.	Planning and procurement of equipment	March 2024	November 2024
4.	Erection and installation of equipment	June 2025	June 2025
5.	Trial run	August 2025	
6.	Commencement of commercial production	September 2025	

Estimated Cost

The details of estimated costs are set out below:

Sr. No	Particulars	Total estimated cost and proposed to be funded from Net Proceeds ⁽¹⁾ (₹ in million)
1.	Building construction and Civil work	396.08
2.	Purchase of Machinery	196.05
3.	Installation of Solar Power Project	44.70
4.	Contingencies	29.50
	Total	666.33

⁽¹⁾ Total estimated cost as per Chartered Engineer certificates dated December 21, 2023 issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineer

The detailed break-up of the estimated cost (except cost of land acquisition) of establishing the Proposed Project is set forth below:

1. Building construction and Civil work

Sr. No	Particulars	Total estimated cost (₹ in million)	Amount proposed to be funded from the Net proceeds (₹ in million)	Name of supplier / vendor	Date of Quotation	Validity of Quotation
1.	Building works	181.96*	181.96	Aashirwad Construction	December 13, 2023	March 31, 2024
2.	Elevation	6.45*	6.45			
3.	External development work	10.91*	10.91			
4.	Pre-engineered Building	186.58*	186.58	Everest Industries Limited	December 19, 2023	March 31, 2024
a)	Supply & Erection of shed including dismantling charges	154.73	154.73			
b)	Panelling & Insulation of Roof	24.47	24.47			
c)	Panelling & Insulation of Walls	7.38	7.38			
5.	Transformer, cables, panels, and light fittings	10.18	10.18	Vedant Electricals	December 13, 2023	March 31, 2024
	Total	396.08	396.08			

*Inclusive of Applicable Taxes

2. Purchase of Machinery

Our Company has intended to purchase machineries and install at the said unit, which includes double girder overhead traveling cranes, CNC cutting machines, wear plate machines, heat treatment furnace and other items. In addition, it also includes various equipments like horizontal boring machine. The details of costing of such plant and machinery are set forth below:

Sr. No	Particulars	Per unit Cost (₹ in million)	Quantity	Total estimate d cost (₹ in million)	Name of supplier / vendor	Date of Quotation	Validity of Quotation
1.	Double girder overhead traveling crane (10MT)	5.04	4	20.15	ElectroMech Material Handling	December 12, 2023	January 25, 2024
2.	Double girder overhead traveling crane (25MT)	6.72	4	26.90			

Sr. No	Particulars	Per unit Cost (₹ in million)	Quantity	Total estimate d cost (₹ in million)	Name of supplier / vendor	Date of Quotation	Validity of Quotation
3.	Double girder overhead traveling crane (50MT)	10.34	2	20.69	System(I) Private Limited		
4.	Horizontal boring machine**#	17.81	1	17.81*	Thumar technical services s.a.r.l	December 15, 2023	March 31, 2024
5.	Heat treatment induction machine**	15.49	1	15.49*	Suntec Heating Systems	September 9, 2023	March 31, 2024
6.	TPS 500i Manual CMT Welding system	2.05	2	4.11	Fronius India Private Limited	December 11, 2023	March 31, 2024
7.	CNC Cutting Machine with a Bed Size of 3x13 mts	2.99	2	5.99**	Kjellberg Finsterwalde Plasma und Maschinen GmbH	December 13, 2023	March 31, 2024
8.	Wear Plate Cladding Machine	3.50	4	14.00	Innoverve Inventions Private Limited	December 12, 2023	March 31, 2024
9.	Flux Cored Wire (FCW) Wire Machine including gear box, head assembly plates, control panel, dust collector, etc)	9.91	2	19.82	Innoverve Inventions Private Limited	December 12, 2023	March 31, 2024
10.	Electrically Heated Bogie Hearth type Heat Treatment Furnace (60MT) including erection and commissioning charges	38.70	1	38.70	The Wesman Engineering Company Private Limited	December 15, 2023	13, March 2024
11.	CNC retrofitting work on Horizontal Boring Machine	9.88	1	9.88	Krystal Machine Tool Services	December 19, 2023	March 31, 2024
12.	Other ancillaries			2.54	ElectroMech Material Handling System(I) Private Limited	December 12, 2023	January 25, 2024
	Total			196.05			

*Inclusive of Applicable Taxes

#As per Chartered Engineer Certificate dated December 21, 2023, issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineer, the second-hand Machine is 43 years old and has balance estimated useful life of 10-15 years

**** The quotation has been received in Euro, which have been converted to INR as on December 19, 2023 (Source: www.rbi.org.in .The currency conversion rate of the appropriate currency will be taken while placing the orders**

3. Installation of Solar Power Project

In line with our continued focus for cost optimisation and improvement in profitability, our Company intends to install 1.10 MW rooftop solar power project, at our Unit IV facility taking into consideration the power requirements.

In our type of business model, electricity cost is a substantial expense and hence to reduce the cost of electricity, we intend to install the solar power project which will help us in improving profitability. The power requirements are met through the local power grids maintained by state power grid. Our current requirement is 0.6 MW per month

The details of costing of such solar power project are set forth below:

Sr. No	Particulars	Total Estimated Cost (₹ in million)	Name of the Supplier / vendor	Date of Quotation	Validity of Quotation
1.	Setting up of 1.10 MW rooftop solar power project which includes supply, installation, testing, commissioning and project management	44.70	Reecode Enterprises	December 13, 2023	March 31, 2024
	Total	44.70			

4. Contingencies

We have created a provision for contingency of ₹ 29.50 Million, which is approximately 4.43% of total estimated cost, to cover various expansion related costs.

Government Approvals

In relation to the Proposed Facility, we are required to obtain certain approvals, which are routine in nature, from certain governmental or local authorities, the status of which is provided below as per Chartered Engineer certificate dated December 21, 2023, issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineer.

Sr. No.	Particulars	Stage when it is required	Status
1	District Collector Approval on Plans	Before Start of Construction work	Yet to Apply
2	Consent to Establish from MPCB	Before Start of Operation	Yet to Apply
3	Fire NOC	Before Start of Operation	Yet to Apply
4	Structural Stability Certificate	Before Start of Operation	Yet to Apply

5	DISH (Directorate of Industrial Safety & Health) Sanction Plan Approval	Before Start of Operation	Yet to Apply
6	Factory Licence	Before Start of Operation	Yet to Apply
7	Consent to Operate from MPCB	Before Start of Operation	Yet to Apply
8	Utilities / Material Handling Equipment License	After Start of Operation	Yet to Apply
9	Building Completion Certificate	Before Start of Construction work	Yet to Apply
10	Approval from Ground Water Authority	Before Start of Construction work	Yet to Apply

Means of finance

The above Object is proposed to be funded from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on the certificate issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineers dated December 21, 2023, our current business plan, managements estimates, and other commercial and technical factors. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition and interest or exchange rate fluctuations and other external factors, which may not be within the control of our management.

2. Setting up of a new manufacturing facility located at Hingna, Sonegaon District, Nagpur, Maharashtra

We intend to setup a new manufacturing facility at Plot No. 33-B/1/1 & 33-B/1/1 Part, MIDC Hingna, Nagpur, Maharashtra (**Proposed Facility**). This strategic step is driven by our objective of maximizing production efficiency and reaping various economies of scale. At the proposed facility, we plan to manufacture special purpose electrodes and wire strips which are utilized in the production of flux cored wire.

The setting up of a dedicated slitting line for wire strip manufacturing grants us a significant backward integration advantage. This streamlined process enhances operational efficiency and ensures a seamless supply chain between our nearby facilities for flux cored wire production. By producing wire through the slitting line used in manufacturing of flux cored wire, we intend to unlock various economies of scale including bulk purchasing of raw materials and centralized production processes which will contribute in cost-effectiveness and enhancing the overall efficiency in production of Flux Cored Wires.

In addition to wire production, the proposed facility will also cater to the manufacturing of special purpose electrodes. Our current facility at T-5 & T-6 are being operated at optimum levels, hence this proposed capital expenditure will ensure catering to higher demand of special purpose electrodes.

Our Company proposes to utilise ₹ 303.85 million from the Net Proceeds towards setting up of proposed facility which will have overall installed capacity for production of wire strips of 1,200 Metric tons per annum and Special Purpose Electrodes of 600 Metric tons per annum.

Capacity and Schedule of Implementation

The installed capacity of the Proposed Facility is proposed to be an aggregate of 600 Metric Tons per annum for welding electrodes and one CR Coil Slitting Line of 1200 Metric Ton per annum as per the certificate dated December 21, 2023 issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineer and is expected to commence production by third quarter of financial year 2025.

Sr. No	Particulars	Status / Expected commencement date	Expected completion date
1.	Land acquisition	February, 2023	June 2024
2.	Site development, civil and structural works	June 2024	November 2024
3.	Planning and procurement of equipment	March 2024	September 2024
4.	Erection and installation of equipment	January 2025	March 2025
5.	Trial run	September 2025	
6.	Commencement of commercial production	October 2025	

Estimated Cost

The total estimated cost for setting up the Proposed Facility comprises: (i) the acquisition of the land; (ii) Building and civil work (iii) the purchase of machineries (iv) Installation of solar power project and (v) Contingencies, which will be incurred by our Company from the Net Proceeds;

The details of estimated costs are set out below:

Sr. No	Particulars	Total Estimated Cost ⁽¹⁾ (₹ in million)	Amount deployed as of December 21, 2023 ⁽²⁾ from Internal Accruals	Amount proposed to be funded from Net Proceeds
1.	Land	171.02 ⁽³⁾	45.00	126.02
2.	Building and Civil work	114.90	-	114.90
3.	Purchase of Machineries	36.92	-	36.92
4.	Installation of Solar Power Project	19.00	-	19.00
5.	Contingencies	7.00	-	7.00
	Total	348.85	45.00	303.85

⁽¹⁾ Total estimated cost as per Chartered Engineer certificates dated December 21, 2023 issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineer.

⁽²⁾ As certified by PGS & Associates, Chartered Accountants, our Statutory Auditors, by way of their certificate dated December 21, 2023.

⁽³⁾ Excluding stamp duty, registration charges and MIDC transfer premium / charges which will be borne by our Company through internal accruals.

1. Land

As part of our strategy to diversify and achieve operational efficiencies through backward integration, we propose to venture into manufacture of welding electrodes.

The Proposed Facility will be set up on land at Plot Nos. 33-B/1/1/ & 33-B/1/1/Part, MIDC, Hingna, Sonegaon District, Nagpur, Maharashtra admeasuring 6,125 sq. mtrs and 4,725 sq. mtrs respectively aggregating to 10,850 sq. mtrs together with existing factory building covering a total built-up area of 2180.70 sq. mtrs. In consideration of such transfer / assignment of rights, title and interest in the said parcel of land by the Company for a consideration of ₹ 171.02 million out of the Company has paid an advance of ₹ 45.00 million out of the internal accruals and the remaining amount of ₹ 126.02 million shall be paid by our Company from the Net Proceeds.

2. Building and Civil work

Sr. No	Particulars	Total estimated cost (₹ in million)	Name of supplier / vendor	Date of Quotation	Validity of Quotation
1.	Foundation for factory shed and superstructure for RCC commercial building	53.21	Aashirwad Construction	December 15, 2023	March 31, 2024
2.	Structural steel work for building / shed	31.80			
3.	Miscellaneous work (road, compound wall, water tank and other miscellaneous work)	29.89			
	Total	114.90			

3. Purchase of Machineries

The costs associated with purchase of machinery by the Company for Proposed Facility are set out below:

Sr. No	Particulars	Per Unit Cost (₹ in million)	Quantity	Total estimated cost (₹ in million)	Name of supplier / vendor	Date of Quotation	Validity of Quotation
1.	Lab S optical emission spectrometer for metal analysis**	10.40	1	10.40	Spectro Analytical Instruments GmbH Germany	December 12, 2023	February 09, 2024
2.	Horizontal extruder	1.88	2	3.75	Spectro Analytical Instruments GmbH Germany	December 12, 2023	March 31, 2024

Sr. No	Particulars	Per Unit Cost (₹ in million)	Quantity	Total estimated cost (₹ in million)	Name of supplier / vendor	Date of Quotation	Validity of Quotation
3.	Baking oven	1.01	4	4.06	Spectro Analytical Instruments GmbH Germany	December 12, 2023	March 31, 2024
4.	Other machineries like dry mix rotary, wire straightening & cutting machine, flux stripping machine, wire feeder, etc	-	-	9.83	Deccan dynamics	December 12, 2023	March 31, 2024
5.	Industrial high temperature oven	1.95	2	2.19	Sensoheat Engineering Equipments (I) Pvt. Ltd	December 12, 2023	March 31, 2024
6.	Flux Cored Wire (FCW) slitting line including gear box motor, pressure plate, coiler with de-coiler separator, etc	2.05	1	2.05	Hemaxi Engg enterprise	September 02, 2023	March 31, 2024
7.	Strip Bobbin Winder Machine	2.32	2	4.65	STEELix	September 25, 2023	March 31, 2024
	Total			36.93			

**** The quotation has been received in USD, which have been converted to ₹ as on December 19, 2023 (Source: www.rbi.org.in. The currency conversion rate of the appropriate currency will be taken while placing the orders**

4. Installation of Solar Power Project

In line with our continued focus on strategic growth opportunities, our Company intends to install 400 kW rooftop solar power project, with a capacity of 400 kW at our manufacturing facility located at lot Nos. 33-B/1/1/ & 33-B/1/1/Part, MIDC, Hingna, Sonegaon District, Nagpur, Maharashtra taking into consideration the power requirements of the proposed project. The details of costing of such solar power project are set forth below:

Sr. No	Particulars	Total Estimated Cost (₹ in million)	Name of the Supplier / vendor	Date of Quotation	Validity of Quotation
1.	Quotation is for 400 kW rooftop solar power project which includes supplies, installation, testing, commissioning and project management	19.00	Reecode Enterprises	December 13, 2023	March 31, 2024
	Total	19.00			

5. Contingencies

We have created a provision for contingency of ₹ 7.00 Million, which is approximately 2.30 % of the amount proposed to be funded from Net Proceeds, to cover various project related costs.

Government Approvals

In relation to the Proposed Facility, we are required to obtain certain approvals, which are routine in nature, from certain governmental or local authorities, the status of which is provided below as per Chartered Engineer certificate dated December 21, 2023, issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineer.

Sr No.	Particulars	Stage when it is required	Status
1.	MIDC Approval on Transfer of Lease	Before Start of Construction work	Yet to Apply
2.	Consent to Establish from MPCB	Before Start of Construction work	Yet to Apply
3.	Fire NOC	Before Start of Operation	Yet to Apply
4.	Structural Stability Certificate	Before Start of Operation	Yet to Apply
5.	DISH Sanction Plan Approval	Before Start of Operation	Yet to Apply
6.	Factory Licence	Before Start of Operation	Yet to Apply
7.	Consent to Operation from MPCB	Before Start of Operation	Yet to Apply
8.	Building Completion Certificate - Existing	Available	Available
9.	Building Completion Certificate - New	Before Start of Construction work	Yet to Apply

Means of finance

The Objects are proposed to be funded from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on the certificate issued by M/s. Sandeep Mashru & Co., Independent Chartered Engineers dated December 21, 2023, our current business plan, managements estimates, and other commercial and technical factors. We may have to revise our funding requirements and deployment on

account of a variety of factors such as our financial and market condition, business and strategy, competition and interest or exchange rate fluctuations and other external factors, which may not be within the control of our management.

3. Funding Working Capital Requirements of the Company

Our business is working capital intensive and we fund a majority of our working capital requirements in the ordinary course of business from banks and through our internal accruals. Our Company requires additional working capital for funding its incremental working capital requirements in the Financial Years ended March 31, 2024 and March 31, 2025. The funding of the incremental working capital requirements of our Company will help in achieving the proposed targets as per our business plan. We intend to utilise ₹ 220.00 million from the Net Proceeds to fund working capital requirements of our Company in the Financial Year ended March 31, 2025.

(a) Basis of estimation of working capital requirement

The details of our Company's working capital as at March 31, 2021, March 31, 2022 and March 31, 2023, derived from and the source of funding, on the basis of Restated Financial Statements as certified by M/s. PGS & Associates, Chartered Accountants, our Statutory Auditors, through their certificate dated December 21, 2023, are set out in the table below:

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Current Assets			
Inventories	472.49	415.36	268.73
Trade receivables	730.17	477.98	410.61
Cash and bank balances	18.65	19.88	40.26
Other financial assets and current assets	114.96	60.40	58.90
Total Current Assets (A)	1,336.26	973.62	778.50
Current Liabilities			
Trade payables	247.50	277.34	182.80
Other financial liabilities	11.38	15.10	9.25
Other current liabilities	96.46	77.32	74.65
Total Current Liabilities (B)	355.34	369.76	266.70
Net Working Capital Requirements (A-B)	980.92	603.86	511.80
Source of funds			
Borrowings	475.98	241.06	192.34
Internal accruals / Net worth	504.95	362.81	319.46

(b) Future Working Capital

We propose to utilize ₹ 220.00 million of the Net Proceeds in the Financial Year ended March 31, 2025 respectively, towards our Company's working capital requirements. The balance portion of working capital requirement of our Company shall be met through internal accruals and borrowings. On the basis of our existing working capital requirements, management estimates and estimated working capital

requirements, our Board of Directors pursuant to a resolution dated December 13, 2023, has approved the projected working capital requirements for the Financial Years ended March 31, 2024 and March 31, 2025. See “Material Contracts and Documents for Inspection – Material Documents” on page 478. The proposed funding of such working capital requirements is set forth below:

Particulars	Estimated as at	
	As at March 31, 2024	As at March 31, 2025
<i>Current Assets</i>		
Inventories	590.02	726.12
Trade receivables	743.59	959.80
Cash and bank balances	15.53	22.38
Other financial assets and current assets	89.01	95.92
Total Current Assets (A)	1,438.16	1,804.22
<i>Current Liabilities</i>		
Trade payables	294.83	409.32
Other financial liabilities	11.09	13.42
Other current liabilities	88.88	89.72
Total Current Liabilities (B)	394.80	512.46
Net Working Capital Requirements (A-B)	1,043.36	1,291.76
<i>Source of funds</i>		
Borrowings	405.32	411.09
Internal accruals / Net worth	638.04	660.67
Proceeds from the Issue		220.00

As per the Report dated December 21, 2023, issued by our Statutory Auditors, M/s. PGS & Associates, Chartered Accountant, have compiled and confirmed the working capital estimates and working capital projections.

(c) Assumptions for our estimated working capital requirements:

The table below sets forth the details of holding levels (with days rounded to the nearest whole number) for the Financial Years ended March 31, 2021, March 31, 2022 and March 31, 2023 as well as projections for the Financial Year ended March 31, 2024 and March 31, 2025.

Provided below are details of the holding levels (days) for financial years 2024 and 2025:

Particulars	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023	As at June 30, 2023	As at March 31, 2024	As at March 31, 2025
Inventories	85	64	67	71	72	72
Trade receivables	93	83	91	103	92	95
Trade payables	131	72	69	59	60	65

Key justification for holding levels:

Inventories	Our inventory days, which represent the number of days our inventory is held, was 85 days in Fiscal 2021 due to impact of Covid-19 pandemic. However, from Fiscal 2022 onwards, our inventory

	days have shown a gradual increase i.e. 64 days, 66 days and 71 days for Fiscal 2022, Fiscal 2023 and for the period ended June 30, 2023, respectively. We expect our inventory days to be 72 days and 72 days for Fiscal 2024 and Fiscal 2025, respectively. The reason behind this increase can be attributed to the nature of one of our business, specializing in manufacturing and fabrication of heavy engineering equipment, wear plates and wear parts. The production of such equipment inherently involves longer lead times. The higher lead times associated with the manufacturing of these equipment necessitates a larger inventory holding to meet customer demand promptly. Therefore, the growth in inventory days is a strategic response to the increased production requirements and the longer lead times associated with manufacturing of these equipment.
Trade Receivables	Over the past three fiscal years, we have observed variations in our trade receivables days. In Fiscal 2021, our trade receivables days were 92 days, which decreased to 83 days in Fiscal 2022 and then further increased to 90 days in Fiscal 2023. Our trade receivables days were 102 days for the period ended June 30, 2023. We expect our trade receivables days to be 89 days and 89 days for Fiscal 2024 and Fiscal 2025, respectively. This trend is primarily driven by the characteristics of our customer base, predominantly comprising industries requiring heavy equipment. Customers in these sectors typically follow a payment practice where payments are made post-delivery and inspection, and the general payment terms extend to around 90 days. The prolonged credit period is a result of the trust and long-term relationships we maintain with our clients. As a result, our trade receivable days are in alignment with industry norms and the necessity to accommodate the payment practices prevalent in our customer base.
Trade Payables	The Covid-19 pandemic had also impacted our trade payables days which was 130 days in Fiscal 2021. Subsequently, our trade payables days observed a reduction in days, decreasing from 72 days in Fiscal 2022 to 68 Days in Fiscal 2023 to 59 days for the period ended June 30, 2023. We expect our trade payables days to increase to 60 days and 65 days in Fiscal 2024 and Fiscal 2025, respectively. The reduction in days from Fiscal 2021 onwards to the period ended June 30, 2023, is indicative of our efficient management of payables and underscores our commitment to optimizing cash flows. However, the slight increase in the estimated days in Fiscal 2024 and Fiscal 2025 is on account of our strategic decision to maintain better cash flows

As per the Report dated December 21, 2023, issued by our Statutory Auditors, M/s. PGS & Associates, Chartered Accountant

4. General corporate purposes

We will have flexibility in utilizing the balance Net Proceeds, aggregating to [●] towards general corporate purposes, subject to such utilisation not exceeding 25% of the aggregate of the gross proceeds from the Issue, in accordance with Regulation 7(2) of the SEBI ICDR Regulations, including but not restricted

towards part or full prepayment / repayment of our borrowings, strategic initiatives, acquisitions, investments in future subsidiaries of our Company, opening or setting up offices, business development initiatives, R&D, acquiring fixed assets, meeting any expense (including capital expenditure requirements) of our Company, including salaries and wages, rent, administration, insurance, repairs and maintenance, payment of taxes and duties, meeting expenses incurred in the ordinary course of business and towards any exigencies. The quantum of utilisation of funds toward the aforementioned purposes will be determined by our Board based on the amount actually available under the head “General Corporate Purposes” and the corporate requirements of our Company.

In case of variations in the actual utilization of funds designated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any which are not applied to the other purposes set out above.

In addition to the above, our Company may utilize the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and approved periodically by the Board. Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular Object i.e., the utilization of Net Proceeds.

Issue related expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of the Issue include, among others, listing fees, underwriting fees, selling commission, fees payable to the BRLM, fees payable to legal counsels, fees payable to the Registrar to the Issue, escrow collection bank to the Issue and sponsor bank(s), including processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to Registered Brokers, collecting RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The break-up for the estimated Issue Expenses is as follows:

Activity	Estimated expenses (₹ in million) ⁽²⁾	As a % of total estimated Issue Expenses ⁽²⁾	As a % of total Issue size ⁽²⁾
BRLM fees and commissions (including any underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs, Sponsor Bank(s) and Bankers to the Issue. Brokerage, underwriting commission and selling commission and bidding charges for members of the Syndicate, Registered Brokers, RTAs and CDPs	[●]	[●]	[●]
Fees payable to Registrar to the Issue	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]

Activity	Estimated expenses (₹ in million) ⁽²⁾	As a % of total estimated Issue Expenses ⁽²⁾	As a % of total Issue size ⁽²⁾
- Fee payable to legal counsels	[●]	[●]	[●]
- Advertising and marketing	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

⁽¹⁾ As on December 21, 2023, our Company has incurred ₹ 4.95 million towards Issue related expenses out of internal accruals as certified by M/s. PGS & Associates., Statutory Auditors of our Company.

⁽²⁾ Issue expenses will be finalised on determination of Issue Price and incorporated at the time of filing of the Prospectus. Issue expenses are estimates and are subject to change.

⁽³⁾ Selling commission payable to members of the Syndicate, SCSBs, RTAs and CDPs on the amounts received against the Equity Shares Allotted (i.e. product of the Equity Shares Allotted and the Issue price) would be as follows:

a. Portion for Retail Individual Bidders – [●]% of the Amount Allotted (plus applicable taxes)

b. Portion for Non-Institutional Bidders – [●]% of the Amount Allotted (plus applicable taxes)

Further, bidding charges of ₹ [●] (plus applicable goods and services tax) shall be per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Investors using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured by them. Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors and Non-Institutional Investors, which are directly procured by the Registered Brokers and submitted to SCSB for processing, shall be ₹ [●] per valid Bid cum Application Form (plus applicable goods and services tax). In case the total processing charges payable exceeds ₹ [●] million, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ [●] million (Based on valid Bid cum Application Forms).

⁽⁴⁾ Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes). In case the total processing charges payable exceeds ₹ [●] million, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ [●] million (Based on valid Bid cum Application Forms).

Processing fees for applications made by Retail Individual Investors using the UPI Mechanism would be as follows:

a. RTAs / CDPs/ Registered Brokers – ₹ [●] per valid Bid cum Application Form (plus applicable taxes)*

b. Sponsor Bank – ₹ [●] per valid Bid cum Application Form (plus applicable taxes)

The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, the NPCI and such other parties as required in connection with the

performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws.

**In case the total processing charges payable under this head exceeds ₹ [●] million, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ [●] million*

Interim use of net proceeds

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

Bridge financing facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this red herring prospectus, which are proposed to be repaid from the Net Proceeds.

Monitoring utilization of funds

Since this is entirely a fresh Issue and Issue size is in excess of ₹ 1,000 million, our Company will appoint a credit rating agency registered with SEBI for monitoring the utilisation of the Net Proceeds, in terms of Regulation 41 of the SEBI ICDR Regulations. Our audit committee and the monitoring agency will monitor the utilisation of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, until such time as the Net Proceeds have been utilised in full.

Our Company will disclose the utilisation of the Net Proceeds, including interim, use under a separate head in our balance sheet for such financial year as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable financial years, provide details, if any, in relation to all such Net Proceeds that have not been utilised.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the audit committee the uses and applications of the Net Proceeds. The audit committee will make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Further, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the audit committee.

Variation in objects of the issue

In accordance with Sections 13(8) and 27 of the Companies Act, and Regulation 59 and Schedule XX of the SEBI ICDR Regulations, any material deviation in the Objects of the Issue will require our Company

to obtain the approval of 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 (postal ballot notice) shall specify the prescribed details and be published in accordance with the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English, one in Marathi, (Marathi also being the regional language of the jurisdiction where our Registered Office is situated). Pursuant to the Companies Act, our Promoters will be required to provide an exit opportunity to the shareholders who do not agree to such material deviation of the Objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act and provisions of Schedule XX of the SEBI ICDR Regulations.

Appraising agency

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

Other confirmations

No part of the Net Proceeds will be utilized by our Company as consideration to our Promoters, members of our Promoter Group, our Directors, our Group Companies or Key Managerial Personnel. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with our Directors, our Promoters, the members of our Promoter Group, the Key Managerial Personnel or our Group Companies in relation to the utilization of the Net Proceeds of the issue. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects of the Issue as set out above

Except as Horizontal Boring Machine, there are no second-hand or used equipment is proposed to be purchased out of the Net Proceeds.

None of the vendors from whom we have procured quotations are related or connected to our Company, Promoters, Subsidiaries, Directors, Key Managerial Personnel, Senior Management and Group Companies.

Our Promoters, Directors, Key Managerial Personnel, Senior Management Personnel and Group Companies do not have any interest in the proposed objects.

BASIS FOR ISSUE PRICE

The Price Band and the Issue Price will be determined by our Company in consultation with the BRLM, and on the basis of assessment of market demand for the Equity Shares issued through the Book Building Process and the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value.

Investors should refer to “*Risk Factors*”, “*Our Business*”, “*Financial Statements*” and “*Management Discussion and Analysis of Financial Position and Results of Operations*” on pages 37, 296, 265 and 333, respectively, to have an informed view before making an investment decision.

Qualitative Factors

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

- **Synergistic business models focused on forward integration:** Our Company has manufactured 204.35 MT, 674.96 MT, 729.84 MT and 669.85 MT of special purpose electrodes for the period ended June 30, 2023, Fiscal 2023, 2022 and 2021, respectively. Out of which we have captive consumption of 17%, 29%, 27% and 44% for the period ended June 30, 2023, Fiscal 2023, 2022 and 2021, respectively. Our Company has manufactured 435.81 MT, 1,519.67 MT, 1,328.51 MT and 956.35 MT of flux cored electrodes for the period ended June 30, 2023, Fiscal 2023, 2022 and 2021, respectively. Out of which we have captive consumption of 82%, 82%, 80% and 72% for the period ended June 30, 2023, Fiscal 2023, 2022 and 2021, respectively.
- **Serving industry leaders directly as well as through OEMs:** Our Company serves 259, 473, 423, and 407 direct customers for the period ended June 30, 2023, Fiscal 2023, 2022 and 2021, respectively which constitutes 77%, 71%, 67% and 69% contribution in our standalone revenue from operations.
- **Consistent financial performance:** Our revenue from operations has grown from ₹878.37 million in Fiscal 2013 to ₹2,440.74 million in Fiscal 2023, registering a CAGR of 12.03 % in last 10 years.
- **Long-standing relationships with customers across industries:** We have a diversified customer base and we have served 282, 500, 444 and 431 customers for the period ended June 30, 2023, for Fiscal 2023, 2022 and 2021, respectively.
- **Experienced promoters and strong management team:** Prashant Garg, Promoter and Managing Director of our Company and a second-generation entrepreneur has been associated with our Company since 2003. He has a rich experience of nearly two decades in the industry we operate.
- Strategically located manufacturing facilities.

For further details, see “*Risk Factors*” and “*Our Business*” on pages 37 and 296, respectively.

Quantitative Factors

The information presented in this section is derived from our Restated Consolidated Financial Statements. For details, see “*Financial Statements*” on page 333. Investors should evaluate our Company and form their decisions taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Issue price are as follows:

1. Basic and Diluted Earnings per Share (EPS), as adjusted for changes in capital.

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Fiscal 2023	7.91	7.91	3
Fiscal 2022	6.08	6.08	2
Fiscal 2021	4.18	4.18	1
Weighted Average	6.68	6.68	
For three-month period ended June 30, 2023 (Not Annualised)	2.22	2.22	

Notes:

- Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights, i.e. (EPS x weight) for each year divided by the total of weights.
- Basic and diluted EPS are based on the Restated Consolidated Financial Information.
- The face value of each Equity Share is ₹10.
- Earnings per Share (₹) = Profit after tax excluding exceptional items before other comprehensive income attributable to equity shareholders for the year/period divided by the weighted average no. of equity shares. The weighted average number of Equity Shares outstanding during the year is adjusted for bonus issue of Equity Shares.
- Basic EPS and diluted EPS calculations are in accordance with Indian Accounting Standard 33 'Earnings per Share'.
- The above statement should be read with significant accounting policies and the notes to the Restated Consolidated Financial Statement.
- Pursuant to a resolution of our Board passed in their meeting held on October 11, 2023 and a resolution of our Shareholders passed in their extraordinary general meeting held on November 18, 2023, issued bonus shares in the proportion of six equity shares for every one existing fully paid-up Equity Share (6:1) held by such Shareholders. The impact of the bonus issue has been considered in the calculation of basic and diluted EPS for our Company, i.e., bonus of equity shares are retrospectively considered for the computation of EPS for all financial years/ period presented.

2. Price / Earning (P/E) Ratio in relation to Price band of ₹ [●] to ₹ [●] per Equity Share

Particulars	P/E at the lower end of the price band (no. of times) *	P/E at the higher end of the price band (no. of times) *
a) P/E ratio based on Basic EPS as at March 31, 2023	[●]	[●]
b) P/E ratio based on Diluted EPS as at March 31, 2023	[●]	[●]

* To be updated at Prospectus stage.

Industry Price / Earning (P/E) Ratio

Based on the peer company information (excluding our Company) given below in this section:

Particulars	P/E ratio
Industry	
Highest	34.65
Lowest	34.59
Average	34.62

Notes: P/E ratio has been computed based on the closing market price of equity shares on BSE as on December 26, 2023, divided by the diluted EPS for the year ended March 31, 2023.

3. Return on Net Worth (RONW):

Year ended	RoNW (%)	Weight
Fiscal 2023	16.86	3
Fiscal 2022	15.10	2
Fiscal 2021	11.64	1
Weighted Average	15.40	
For three month period ended June 30, 2023 (Not Annualised)	4.31	

Notes:

- RoNW = Net Profit after tax, as restated, divided by average net-worth, as restated (Equity attributable to the owners of the company, excluding non-controlling interest)
- The figures disclosed above are based on the Restated Consolidated Financial Statements of our Company.

4. Net Asset Value (NAV) per Equity Share

Financial Year	Net Asset Value per equity shares
As of March 31, 2023	50.67
As of June 30, 2023	52.86
After Completion of the Issue	
- At the Floor Price	[●]
- At the Cap Price	[●]
Issue Price	[●]

Notes:

- Net asset value per equity share is calculated as net worth as of the end of relevant year divided by the weighted number of equity shares outstanding at the end of the year. Net worth represents the aggregate value of equity share capital, instruments entirely equity in nature and other equity and are based on Restated Consolidated Financial Statement.
- Pursuant to a resolution of our Board passed in their meeting held on October 11, 2023 and a resolution of our Shareholders passed in their extraordinary general meeting held on November 18, 2023, issued bonus shares in the proportion of six equity shares for every one existing fully paid-up Equity Share (6:1) held by such Shareholders. The impact of the bonus issue has been considered in the calculation of basic and diluted EPS for our Company, i.e., bonus of equity shares are retrospectively considered for the computation of EPS for all financial years/ period presented.

5. Comparison with listed industry peer:

Following is the comparison with our peer companies listed in India:

Name of the Company		For the year ended March 31, 2023						
		Face value (₹)	Revenue from operations (₹ in Mn) ⁽¹⁾	Basic EPS (₹)	Diluted EPS (₹)	P/E (based on Diluted EPS)	Return on net worth (%)	NAV per Equity Share (₹)
Diffusion Engineers Limited		10	2,548.76	7.91	7.91	[•]	16.86%	50.67
Peer Group								
Ador Welding Limited		10	7,767.60	43.6	43.6	34.59	19.59%	237.90
AIA Engineering Limited		2	49,087.69	102.72	102.72	34.65	20.23%	603.40

Source: All the financial information for listed industry peers mentioned above is on a consolidated/Standalone basis as available sourced from the financial Reports of the peer company uploaded on the NSE website for the year ended March 31, 2023

Notes:

1. P/E Ratio has been computed based on the closing market price of equity shares on the BSE website on December 26, 2023, divided by the Diluted EPS.
2. Net Profit after tax, as restated/Net-worth, as restated at the end of the relevant period (Equity attributable to the owners of the company, excluding non-controlling interest)
3. NAV is computed as the closing net worth divided by the weighted outstanding number of equity shares.

Investors should read the above mentioned information along with “Risk Factors”, “Our Business”, “Management Discussion and Analysis of Financial Position and Results of Operations” and “Financial Information” on pages 37, 296, 265 and 333, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “Risk Factors” and you may lose all or part of your investments.

6. Key financial and operational performance indicators (“KPIs”)

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

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

KPI	Explanations
Revenue from Operations (₹million)	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
EBITDA (₹ million)	EBITDA provides information regarding the operational efficiency of the business.

EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Restated profit for the year (₹ million)	Restated profit for the year provides information regarding the overall profitability of the business.
Restated profit for the year as % of Revenue (PAT margin)	PAT Margin is an indicator of the overall profitability and financial performance of our business.
Average Capital Employed	Average Capital Employed (ACE) is a key financial metric used to assess how efficiently a company utilizes its invested capital, providing insights into profitability and guiding decision-making for optimal resource allocation and performance improvement
Return on Capital Employed	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
RoE (%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
Debt To Equity Ratio	Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage.
Revenue per sales person	This metric calculates the average revenue generated by each salesperson, providing insights into individual sales performance and overall sales team efficiency.
Revenue per order of Wear Parts and Job Work	This metric assesses the average revenue generated per order specifically for wear parts and job work, offering valuable insights into the product/service segment's contribution to overall revenue.
Revenue per order of Heavy Engineering Division	This metric measures the average revenue generated per order for the Heavy Engineering Division, helping evaluate the division's financial performance and contribution to the company's overall revenue.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated December 13, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this DRHP. Further, the KPIs herein have been certified by M/s. PGS & Associates, Chartered Accountants, by their certificate dated December 21, 2023.

Financial KPI of our Company

(₹ in Million, except percentages)

Particulars	For three month period ended June 30, 2023	Fiscal		
		2023	2022	2021
Financial KPIs				
Revenue from operations	658.46	2,548.76	2,045.89	1,552.63
EBITDA	106.40	347.97	275.22	227.00
EBITDA margin	16.16%	13.65%	13.45%	14.62%
Restated profit for the year	62.55	221.45	170.46	116.63
Restated profit for the year as % of Revenue (PAT margin)	9.50%	8.69%	8.33%	7.51%
Average Capital employed	1,888.31	1,676.66	1,350.28	1,850.50
ROCE (%)	4.97%	18.46%	17.30%	11.18%
ROE (%)	4.31%	16.86%	15.10%	11.64%
Debt-to-Equity ratio	0.27	0.34	0.20	0.19

Notes:

- a) As certified by M/s. PGS & Associates, Chartered Accountants pursuant to their certificate dated December 21, 2023. The Audit committee in its resolution dated December 13, 2023 has confirmed that the Company has not disclosed any KPIs to any investors at any point of time during the three years preceding the date of this Draft Red Herring Prospectus other than as disclosed in this section.
- b) Revenue from Operations means the Revenue from Operations as appearing in the Restated Consolidated Financial Statements.
- c) EBITDA refers to earnings before interest, taxes, depreciation, amortisation, gain or loss from discontinued operations and exceptional items. Operating EBITDA excludes other income. EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period.
- d) Restated Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our total revenue.
- e) Average Capital employed is calculated as average of opening and closing Networth and total debt during the period.
- f) RoCE (Return on Capital Employed) (%) is calculated as EBIT divided by average capital employed. Average Capital employed is calculated as average of opening and closing Networth and total debt during the period.
- g) Return on equity (RoE) is equal to profit for the year divided by the average total equity and is expressed as a percentage.
- h) Debt to equity ratio is calculated by dividing the debt (i.e., borrowings (current and non-current) and current maturities of long-term borrowings) by total equity (which includes issued capital and all other equity reserves).

See “Management Discussion and Analysis of Financial Position and Results of Operations” on page 333 for the reconciliation and the manner of calculation of our key financial performance indicators.

Further, set forth below are some of our key operational performance indicators as of and for the periods indicated which have been approved our Audit Committee pursuant to its resolution dated December 21, 2023.

Operational KPIs for the Company

Sr No.	Metric	As of and for the Period ended /Fiscal			
		June 30, 2023	2023	2022	2021
1	Revenue per sales person	3.29	13.54	10.11	7.68
2	Revenue per order of Wear Parts and Job Work	0.22	0.26	0.20	0.13
3	Revenue per order of Heavy Engineering Division	0.74	0.65	0.81	0.79

Note:

- a) Revenue per Sales persons is total revenue from operation (consolidated) divided by total sales strength (including subsidiaries) i.e. average sale by an individual.
- b) Revenue per order of Wear Parts and Service Welding is total revenue from operation of Fabrication and Job Work of Unit divided by total orders executed. This shows the average size per order.
- c) Revenue per order of Heavy Engineering Division is total revenue from operation of Heavy Engineering Division divided by total orders executed. This shows the average size per order.

For further information in relation to historical use of such KPIs by our Company to monitor the operational and/or financial performance of our Company, “*Our Business - Key Performance Indicators*” on pages 218.

Comparison of financial KPIs and Operational KPIs of our Company and our listed peer.

	Diffusion Engineers Limited			Ador Welding Limited			AIA Engineering Limited		
Metric	As of and for the Fiscal 2023	As of and for the Fiscal 2022	As of and for the Fiscal 2021	As of and for the Fiscal 2023	As of and for the Fiscal 2022	As of and for the Fiscal 2021	As of and for the Fiscal 2023	As of and for the Fiscal 2022	As of and for the Fiscal 2021
Financial KPI's									
Revenue From operations	2,548.76	2,045.89	1,552.63	7,767.60	6,614.80	49,087.69	49,087.69	35,665.47	28,814.92
EBITDA	347.97	275.22	227.00	864.10	673.50	44,560.09	12,406.41	7,209.45	6,552.46
EBITDA Margin (%)	13.65%	13.45%	14.62%	11.12%	10.18%	90.78%	25.27%	20.21%	22.74%
Restated profit for the year(	221.45	170.46	151.72	592.90	450.20	44,494.99	10,565.00	6,196.18	5,657.06
Restated profit for the year as % of Revenue (PAT margin)	8.69%	8.33%	9.77%	7.63%	6.81%	90.64%	21.52%	17.37%	19.63%
Average Capital employed	1,676.66	1,350.28	1,850.50	3,109.85	2,740.15	3,081.10	54,725.63	45,932.94	42,605.21
Return on Capital Employed (ROCE) (%)	18.46%	17.30%	11.18%	26.20%	22.60%	1445.01%	25.26%	17.09%	17.23%
Return on Equity (ROE) (%)	16.86%	15.10%	11.64%	19.59%	17.34%	1757.62%	20.23%	13.77%	15.36%
Debt To Equity Ratio	0.34	0.20	0.19	0.05	0.00	0.12	0.09	0.00	0.04
Operational KPI's									
Revenue per sales person	13.54	10.11	7.68	N.A	N.A	N.A	N.A	N.A	N.A
Revenue per order of Wear Parts and Job Work	0.26	0.20	0.13	N.A	N.A	N.A	N.A	N.A	N.A
Revenue per order of Heavy Engineering Division	0.65	0.81	0.79	N.A	N.A	N.A	N.A	N.A	N.A

Notes:

- a) Revenue from Operations means the Revenue from Operations as appearing in the Restated Consolidated Financial Statements.
- b) EBITDA refers to earnings before interest, taxes, depreciation, amortisation, gain or loss from discontinued operations and exceptional items. Operating EBITDA excludes other income. EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period.
- c) Restated Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our total revenue.
- d) Average Capital employed is calculated as average of opening and closing Networth and total debt during the period.
- e) RoCE (Return on Capital Employed) (%) is calculated as EBIT divided by average capital employed. Average Capital employed is calculated as average of opening and closing Networth and total debt during the period.
- f) Return on equity (RoE) is equal to profit for the year divided by the average total equity and is expressed as a percentage.
- g) Debt to equity ratio is calculated by dividing the debt (i.e., borrowings (current and non-current) and current maturities of long-term borrowings) by total equity (which includes issued capital and all other equity reserves).
- h) Revenue per Sales persons is total revenue from operation (consolidated) divided by total sales strength (including subsidiaries) i.e. average sale by an individual.
- i) Revenue per order of Wear Parts and Service Welding is total revenue from operation of Fabrication and Job Work of Unit divided by total orders executed. This shows the average size per order.
- j) Revenue per order of Heavy Engineering Division is total revenue from operation of Heavy Engineering Division divided by total orders executed. This shows the average size per order.

7. Weighted average cost of acquisition (“WACA”), floor price and cap price

(a) The price per share of our Company based on the primary / new issue of shares (equity / convertible securities)

There has been no primary/ new issue of Equity Shares or convertible securities and issuance of bonus shares, during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Issue capital before such transaction(s)), in a single transaction or multiple transactions combined together over a span of rolling 30 days (“Primary Issuance”)

Date	No. of equity shares allotted*	Face value per equity share (₹)	Issue price per equity share (₹) *	Nature of allotment	Nature of consideration	Total Consideration (in ₹ million)
October 11, 2023	1,858,990	10	108.86	Preferential Allotment	Cash	202.36
Weighted average cost of acquisition						108.86

*Adjusted for bonus shares allotted in the ratio of six equity shares for every one equity share pursuant to allotment dated November 29, 2023.

(b) The price per share of our Company based on secondary sale/ acquisitions of shares (equity / convertible securities)

There have been no secondary sale/ acquisitions of Equity Shares or any convertible securities, where our Promoters, members of our Promoter Group or Shareholder(s) having the right to nominate director(s) in the Board of Directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this DRHP, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-Issue capital before such transaction(s)), in a single transaction or multiple transactions combined together over a span of rolling 30 days

(c) Price per share based on last five primary or secondary transactions

There are no such transactions to report to under (a) and (b) above. Therefore, the details of last five primary transactions or secondary transactions prior to the date of filing of this Draft Red Herring Prospectus are below:

Past Transactions	Weighted average cost of acquisition	Floor Price	Cap Price
	(₹)	₹[●]	₹[●]
WACA of Equity Shares that were issued by our Company	108.86	[●]	[●]
WACA of Equity Shares that were acquired or sold by way of secondary transactions	NA	NA	NA

8. Justification for Basis for Issue Price.

Explanation for Issue Price / Cap Price being [●] price of weighted average cost of acquisition of primary issuance price / secondary transaction price of Equity Shares (set out in [●] above) along with our Company's key performance indicators and for three month period ended June 30, 2023 and for the Fiscals 2023, 2022 and 2021.

[●]*

**To be included upon finalization of Price Band*

Explanation for Issue Price / Cap Price being [●] price of weighted average cost of acquisition of primary issuance price / secondary transaction price of Equity Shares (set out in [●] above) in view of the external factors which may have influenced the pricing of the Issue.

[●]*

**To be included upon finalization of Price Band*

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

The Issue Price of ₹ [●] has been determined by our Company in consultation with the BRLM, on the basis of market demand from investors for Equity Shares, as determined through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with "Risk Factors", "Our Business", "Management Discussion and Analysis of Financial Position and Results of Operations" and "Restated Financial Statement" on pages 37, 296, 265 and 333, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "Risk Factors" and you may lose all or part of your investments.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,
The Board of Directors
Diffusion Engineers Limited
T-5/6 MIDC, Hingna Industrial Area

Dear Sir(s):

Sub: Proposed initial public offering of equity shares of ₹ 10 each (the “Equity Shares”) of Diffusion Engineers Limited (the “Company” and such offering, the “Issue”)

We report that the enclosed statement in Annexure A, states the possible special tax benefits available to the Company and to its shareholders under the applicable tax laws presently in force in India including the Income Act, 1961 (‘Act’), as amended by the Finance Act, 2023 i.e., applicable for FY 2023-24 and AY 2024-25, and other direct tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the Diffusion Engineers Limited or its shareholders to derive the stated special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. We are neither suggesting nor advising the investor to invest money based on this statement.

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

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. The contents stated in the annexure are based on the information, explanations and representations obtained from the Company.

We hereby give consent to include this statement of tax benefits in the Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus and submission of this certificate as may be necessary, to the Stock

Exchange(s)/ SEBI/ any regulatory authority and/or for the records to be maintained by the Book Running Lead Manager in connection with the Issue and in accordance with applicable law.

Terms capitalized and not defined herein shall have the same meaning as ascribed to them in the Draft Red Herring Prospectus.

Yours sincerely,

For PGS & ASSOCIATES
Chartered Accountants
ICAI Firm Registration No.: 122384W

Premal H Gandhi
Partner
Membership No: 111592

Place: Mumbai
Date: 21.12.2023
UDIN: 23111592BGXFJB3791

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholder under the Income Tax Act 1961 (read with the rules, circulars and notifications issued in connection thereto), as amended by the Finance Act, 2021 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

A. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)

1. Lower corporate tax rate on income of domestic companies – Section 115BAA of the Income-tax Act, 1961 (‘the IT Act’)

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfillment of certain conditions. The option to apply this tax rate is available from Financial Year (‘FY’) 2019-20 relevant to Assessment Year (‘AY’) 2020-21 and the option once exercised through filing of Form 10IC on the Income tax portal shall apply to subsequent assessment years. The concessional tax rate of 22% is subject to the company not availing any of the following deductions under the provisions of the IT Act:

- Section 10AA: Tax holiday available to units in a Special Economic Zone
- Section 32(1)(iia): Additional depreciation;
- Section 32AD: Investment allowance.
- Section 33AB/33ABA: Tea coffee rubber development expenses/site restoration expenses
- Section 35(1)/35(2AA)/ 35(2AB): Expenditure on scientific research.
- Section 35AD: Deduction for capital expenditure incurred on specified businesses.
- Section 35CCC/35CCD: expenditure on agricultural extension /skill development
- Chapter VI-A except for the provisions of section 80JJAA and section 80M.

The total income of a company availing the concessional rate of 25.168% (i.e., 22% along with surcharge of 10% and health and education cess of 4%) is required to be computed without set-off of any carried forward loss and depreciation attributable to any of the aforesaid deductions/incentives. A company can exercise the option to apply for the concessional tax rate in its return of income filed under section 139(1) of the IT Act. Further, provisions of Minimum Alternate Tax (‘MAT’) under section 115JB of the IT Act shall not be applicable to companies availing this reduced tax rate, thus, any carried forward MAT credit also cannot be claimed.

The provisions do not specify any limitation/condition on account of turnover, nature of business or date of incorporation for opting for the concessional tax rate. Accordingly, all existing as well as new domestic companies are eligible to avail this concessional rate of tax.

Note: The Company has opted the lower rate under section 115BAA of the IT Act in the FY 2019-20 relevant to the AY 2020-21 as mentioned in the Section 115BAA for which declaration (Form 10IC) has already been filed with the tax authorities.

2. Deductions in respect of employment of new employees – Section 80JJAA of the IT Act

As per section 80JJAA of the IT Act, where a company is subject to tax audit under section 44AB of the IT Act and derives income from business, it shall be allowed to claim a deduction of an amount equal to 30% of additional employee cost incurred in the course of such business in a previous year, for 3 consecutive assessment years including the assessment year relevant to the previous year in which such additional employment cost is incurred.

The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the IT Act.

The company is presently not claiming deduction under section 80JJAA of the IT Act. However, this 134 deduction could be claimed in the future subject to fulfillment of the conditions discussed above.

3. Deduction with respect to inter-corporate dividends – Section 80M of the IT Act

As per the provisions of section 80M of the IT Act, inserted with effect from 01 April 2020, a domestic company shall be allowed to claim a deduction of dividend income earned from any other domestic company or a foreign company or a business trust. The amount of deduction so claimed should not exceed the amount of dividend distributed by it on or before the due date. In this case, due date means one month prior to the due date of furnishing return of income under sub section (1) of section 139 of the IT Act.

The company has a wholly owned subsidiary viz. ASK Automobiles Private Limited and thus, the company should be eligible to claim deduction u/s 80M of the IT Act in respect of dividends received (if any) from its subsidiary and further distributed to its shareholders subject to fulfillment of other conditions.

4. Deductions in respect of specified expenditure

In accordance with and subject to the fulfillment of conditions as laid out under section 35D of the IT Act, the company may be entitled to amortize preliminary expenditure, being specified expenditure incurred in connection with the issue for public subscription or such other expenditure as prescribed under section 35D of the IT Act, subject to the limit specified therein (viz maximum 5% of the cost of the project or 5% of the capital employed in the business of the company).

The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed, or the new unit commences production or operation.

With effect from AY 2024-25, the company shall be required to furnish a statement in Form 3AF containing the particulars of expenditures specified u/s 35D of the IT Act to such income tax authority prior to one month before the due date of filing Income tax return as per section 139(1) of the IT Act.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)

- Long term capital gains on transfer on shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 112A of the Act at 10% (plus applicable surcharge and cess).
- Short term capital gains arising on transfer of shares on which Securities Transactions Tax has been paid will be subject to tax in the hands of shareholders as per the provisions of Section 111A of the Act at 15% (plus applicable surcharge and cess).
- Non-resident shareholders including foreign portfolio investors may choose to be governed by the provisions of Double Taxation Avoidance Agreement, to the extent they are more beneficial.

Notes:

- These tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.
- This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.
- The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only. The benefits listed above may not be exhaustive or comprehensive and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- This statement is intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. The list of benefits contains certain recently enacted legislation that may not have a direct legal precedent or may have different interpretation on the benefits. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

C. SPECIAL INDIRECT TAX BENEFITS TO THE COMPANY AND ITS SHAREHOLDERS:

Outlined below are the possible tax benefits available to the Company and its shareholders under the indirect tax laws in force in India. This Statement is as per the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (“GST Acts”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”), as amended by the Finance Act 2023 including the relevant rules, notifications and circulars issued there under, applicable for the Financial Year 2023-24 and Foreign Trade Policy, 2023, presently in force in India.

Special tax benefits available to the Company

- The Company has one active GSTIN operating in the state of Maharashtra.
- We understand that the Company has earnings in foreign exchange. For cross border transactions that entail inward remittance of foreign currency, there are specific benefits which have been provided under Indirect tax laws/regulations subject to fulfillment of prescribed conditions.
- The Company has availed certain benefits on import of goods, which are used for manufacture of exported goods, subject to fulfillment of conditions laid down under the Foreign Trade Policy, 2023 and Customs Law.

D. SPECIAL INDIRECT TAX BENEFITS TO THE SHAREHOLDERS OF THE COMPANY:

- The shareholders of the Company are not required to discharge any GST on transaction in securities of the Company. Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of Services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017.
- Apart from above, the shareholders of the Company are not eligible to special tax benefits under the provisions of the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective Union Territory Goods and Services Tax Act, 2017 respective State Goods and Services Tax Act, 2017, including the relevant rules, notifications and circulars issued there under.

Notes:

- This Statement covers only certain relevant indirect tax law benefits and does not cover any other benefit under any other law.
- These tax benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Indian indirect tax regulation. Hence, the ability of the Company to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfil.
- The tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
- The Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:
 - 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 view expressed herein.
- The above views are based on the existing provisions of laws and its interpretation, which are subject to change from time to time.

We do not assume responsibility to update the views consequent to such changes.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section is derived from the report titled “Assessment of welding consumables, wear plates and Heavy engineering equipment market in India” dated December 2023 (“CRISIL Report”) prepared and issued by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited, commissioned by us. Unless specified otherwise, all information in this section has been derived from CRISIL Report. CRISIL Market Intelligence & Analytics has prepared the CRISIL Report in an independent and objective manner and it has taken reasonable care to ensure its accuracy and completeness. A copy of the CRISIL Report is available on the website of our Company at <https://www.diffusionengineers.com/investors-relation>. The data may have been re-classified by us for the purposes of presentation. Industry publications are also prepared on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information financial information used herein is based solely on the audited financials of the Company and other peers. The recipient should not construe any of the contents in CRISIL Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled “Risk Factors” and “Restated Consolidated Financial Statements” and related notes beginning on page 37 and 296 respectively of this Draft Red Herring Prospectus.

Macroeconomic assessment

Global macroeconomic assessment

As per the International Monetary Fund’s (IMF) October 2023 update, global gross domestic product (GDP) growth is expected to moderate from 3.5% in 2022 to 3.0% in 2023 and in 2.9%2024. The latest estimate is 0.1 percentage point lower for 2024 compared with IMF’s previous forecast in July, mainly due to the long-term consequences of the pandemic, the war in Ukraine, and increasing geoeconomic fragmentation. Economic slowdown compared with 2022 is expected to be mainly driven by distress in financial systems, broadening inflationary pressures, the Russia-Ukraine conflict and a slowdown in China. According to the IMF, the growth forecast for 2023 reflects the rise in central bank rates to fight inflation, especially in advanced economies as well as the impact of the war in Ukraine. The decline in growth in 2023 is driven by advanced economies; with stronger services activity offset by weaker manufacturing, as well as idiosyncratic factors. On average, these economies are expected to have broadly stable growth in 2024 with a pickup in 2025. By contrast, emerging market and developing economies, on average, are projected to see stable growth over 2022–24, with a slight pickup in 2025, although with sizable shifts across regions.

India remains one of the world’s fastest growing economies in 2022 among key nations

India was one of the fastest-growing economies in 2018 and 2019. In 2020, all countries, including developed ones such as the United States (US) and the United Kingdom (UK), except China, saw their GDP contracting due to the pandemic impact. India’s GDP shrank 5.8% in fiscal 2021 (financial year: April-March). In 2021, GDP growth of all major economies rebounded as economic activities resumed and also due to the low base of 2020. Among the major economies, India, with a growth rate of ~9.1%, was the fastest growing economy in 2021, followed by China at 8.4%. The country also overtook the UK as the fifth-largest economy in the world in the April-June quarter of 2022 and registered GDP growth of 6.8% in

2022. India is expected to grow faster than China in 2023 and 2024 and its GDP is expected to grow 6.1% in 2023 and 6.3% in 2024 as per the IMF forecast.

Real GDP growth by geographies- %

Regions	2017	2018	2019	2020	2021	2022	2023P	2024P
US	2.3	2.9	2.3	-2.8	5.9	2.1	2.1	1.5
Euro area	2.6	1.8	1.6	-6.1	5.4	3.5	0.7	1.2
Canada	3	2.8	1.9	-5.1	5.0	3.4	1.3	1.6
UK	2.4	1.7	1.6	-11.0	7.6	4.1	0.5	0.6
China	6.9	6.8	6.0	2.2	8.4	3.0	5.0	4.2
Japan	1.7	0.6	-0.4	-4.3	2.1	1.0	2.0	1.0
India*	6.8	6.5	3.9	-5.8	9.1	7.2	6.3	6.3
World	3.8	3.6	2.8	-2.8	6.3	3.5	3.0	2.9

Note: P: Projection as per IMF update

*Numbers for India are for financial year (2020 is fiscal 2021 and so on) and as per IMF forecast. CRISIL GDP forecast for India:

9.1% in fiscal 2022, 7.2% in fiscal 2023 and 6.0% in fiscal 2024

Source: IMF economic database, World Bank national accounts data, OECD national accounts data, CRISIL MI&A Research

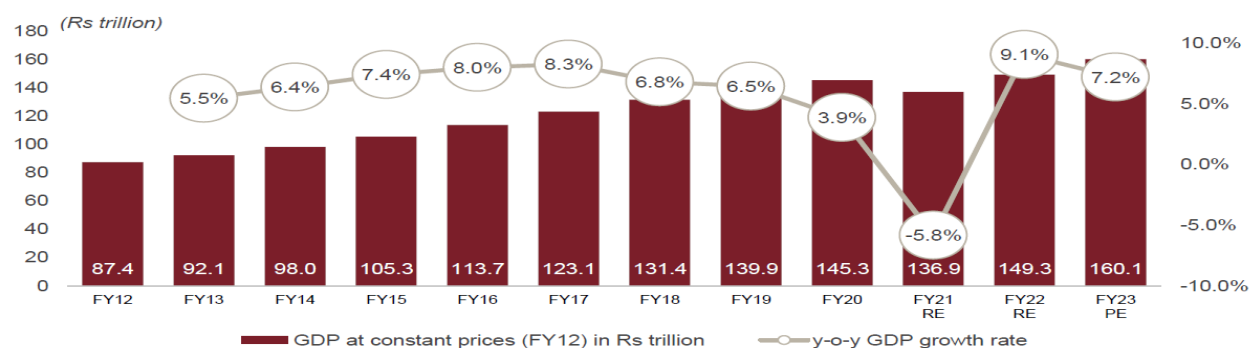
India's macroeconomic assessment

India's GDP logged 5.7% CAGR between fiscals 2012 and 2023

India's GDP increased at 5.7% CAGR over the past 11 years, from Rs 87 trillion in fiscal 2012 to Rs 160 trillion in fiscal 2023.

India's economy recovered from the pandemic-related stress in fiscal 2022, following resumption of activity and easing of restrictions. However, it faced geopolitical pressures in the final quarter, resulting in higher inflation. Resumption of economic activity and healthy trade flow led to robust 9.1% GDP growth in fiscal 2022 after it had declined 5.8% in fiscal 2021.

Real GDP growth in India (new series)



Note: PE: provisional estimates; RE: revised estimates

Source: Provisional estimates of national income 2022-23, Central Statistics Office (CSO), MoSPI, CRISIL MI&A

India's gross value added continues to record healthy growth

On the supply side, gross value added (GVA) grew 7% in fiscal 2023 as per provisional estimates (compared with 8.8% growth in fiscal 2022). In absolute terms, real GVA was Rs 147.6 trillion in fiscal 2023, up from Rs 138.0 trillion in fiscal 2022.

GVA at constant fiscal 2012 prices

Rs trillion	FY21RE	FY22RE	FY23PE	Share in GVA FY23	Annual growth in FY23
Agriculture, forestry and fishing	20.8	21.5	22.3	15%	4.0%
Mining and quarrying	2.9	3.1	3.2	2%	4.6%
Manufacturing	23.3	25.8	26.2	18%	1.5%
Utility services	2.9	3.2	3.4	2%	9.0%
Construction	9.8	11.3	12.4	8%	10.0%
Trade, hotels, transport, communication and services related to broadcasting	21.6	24.6	28.0	19%	14.0%
Financial, real estate and professional services	29.6	31.0	33.2	22%	7.1%
Public administration, defence and other services	16.0	17.6	18.8	13%	7.2%
GVA at basic prices	126.8	138.0	147.6	-	7.0%

RE: revised estimate, PE: provisional estimate Source: CRISIL MI&A Research

India's per capita GDP grows faster than global average

Global GDP per capita clocked 1.8% CAGR between 2012 and 2022, as per World Bank data. Meanwhile, India's corresponding figure registered 5.5% CAGR.

Per capita GDP at current prices

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	CAGR 2012 2022
India per capita	1,434	1,438	1,560	1,590	1,714	1,958	1,974	2,050	1,913	2,238	2,389	5.2%

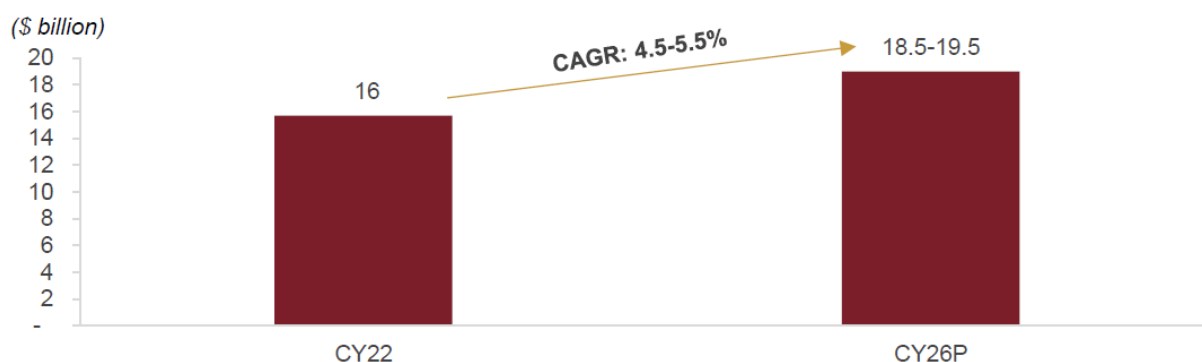
GDP at current prices (\$)												
World per capita GDP at current prices (\$)	10,576	10,738	10,899	10,157	10,209	10,747	11,290	11,330	10,896	12,282	12,647	1.8%

Source: World Bank, CRISIL MI&A

Assessment of welding consumables industry

Welding consumables are used across industries to manufacture essential products. In the welding process, the selection of appropriate welding consumables, such as electrodes and wire, holds immense significance. These seemingly small components play a vital role in ensuring welds of exceptional quality and durability. They impact the strength, integrity, and appearance of the final weld.

Global welding consumables industry



Note: E: Estimated, P: Projected

Source: International Market Analysis Research and Consulting Group (IMARC) welding consumable market report

Share of global welding consumables market by region

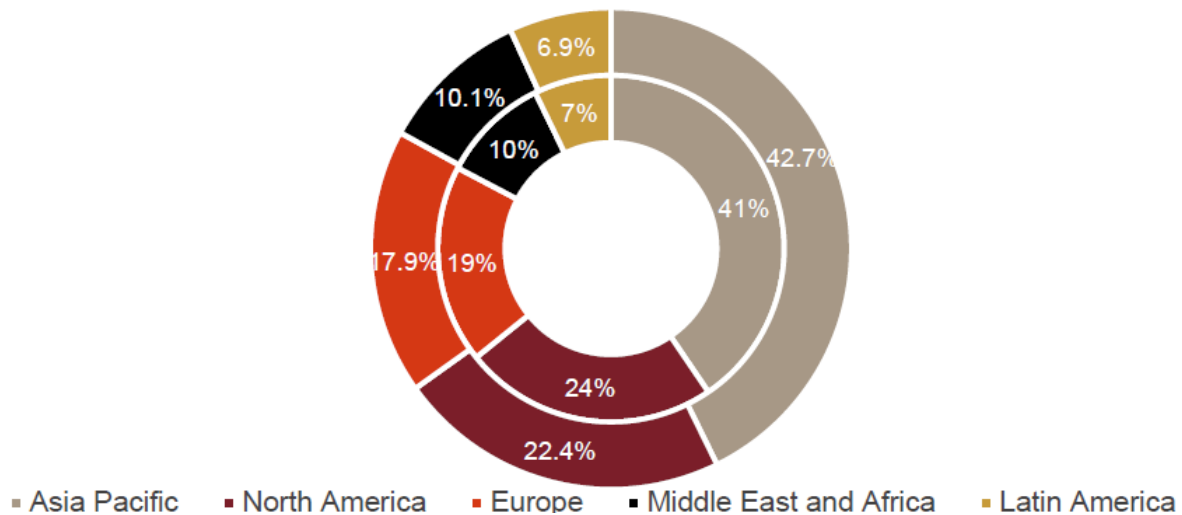
In the welding consumables market, the Asia-Pacific region has the highest share, with around 41% contribution in global welding consumables market. With the availability of cheap manufacturing in Asian countries, such as China and India, many global industrial players make their production facilities in this region, leading to higher demand for welding consumables.

North America has the second biggest market for welding consumables after Asia, due to the presence of large automotive and component manufacturers. Europe's market share in the welding consumable market is about 18% in 2023, with Germany, the UK and France driving market growth. In Germany, the welding consumables market is promoted by the boost in the housing sector.

In the Middle East and Africa region, growth is led by construction in GCC countries, such as the UAE, Qatar, and Saudi Arabia. In this region, key end industries with high consumption of welding consumables are construction and automobile.

Latin American countries, such as Argentina, Mexico, Colombia, Brazil, Venezuela, where oil and gas is a key industry, are creating a demand for welding consumables market. In some of the countries, the rise in the automobile sector due to improving economies is also promoting the market.

Region-wise share in global welding consumables market



Note: Inner circle – CY22; Outer circle – CY25P

UK is included in Europe

Source: International Market Analysis Research and Consulting Group (IMARC) welding consumable market report

Share of global welding consumables market by end use industry

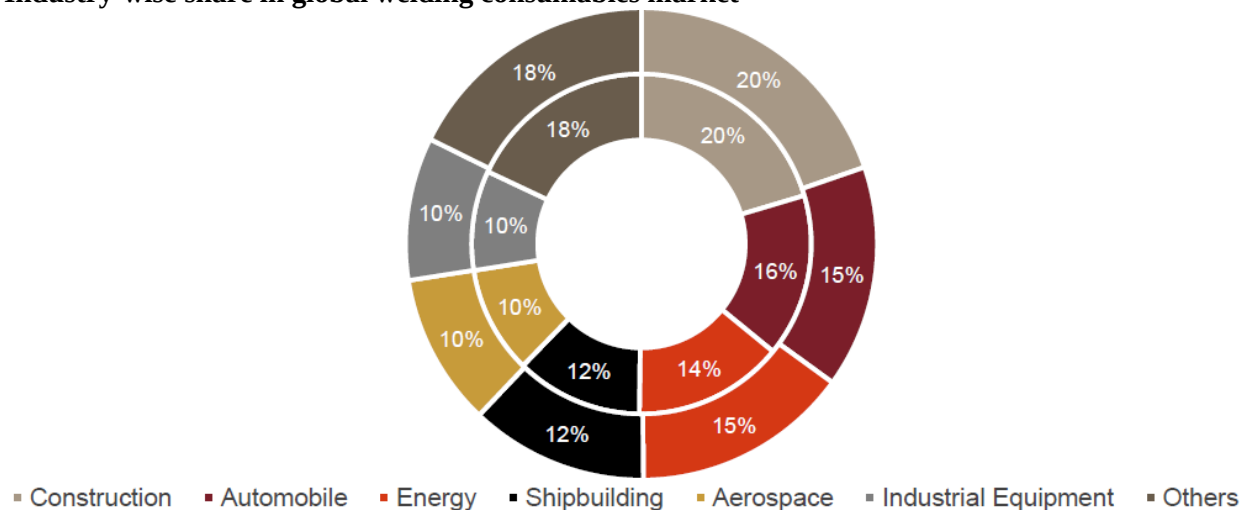
Among the key end use industry for welding consumables market, the construction industry captures a key portion of the market. Growth of construction projects across countries, such as China, India, and the US, in sectors such as housing, education, healthcare, and social infrastructure will facilitate growth in the welding consumables market.

In the automobiles industry, welding consumables play a key role for the manufacturing of vehicle parts with high quality and light weight. New automobile designs and new safety features in the automobile sector would drive growth in the welding consumables market.

In the energy industry, welding increases the strength of the oil and gas pipes. So, a rise in new oil and gas pipelines globally will drive growth in the welding consumables market. Along with the oil and gas industry, welding plays a key role in power generation industry as well. So, as countries such as China and India invest in thermal power industry for power generation, spending in the welding consumable market would likely grow.

In other sectors, such as shipbuilding, aerospace, and industrial equipment, investments in production facilities for new plants and maintenance, along with rising demand for aircraft, ships, and other industrial equipment, would drive growth in the welding consumables market.

Industry-wise share in global welding consumables market



Note: Inner circle – CY22; Outer circle – CY25P

Source: International Market Analysis Research and Consulting Group (IMARC) welding consumable market report

Key drivers and trends in the global welding industry

- With rising urbanization and disposable income in the developing countries, a lot of investment is expected in the infrastructure sector. Not only in construction sector, industrial sector in developing countries is also emerging and growing at a healthy rate. As welding is a key component of construction and industrial sector, growth in these industries is expected to boost the consumption and, in turn, growth of welding consumables market
- As demand for energy increases globally, there would be a rise in oil and natural gas pipeline infrastructure. Welding plays a key role in oil and natural gas pipeline infrastructure, as transportation of these fuels requires joining of many pipes through welding. So, with the rising demand for energy due to increasing population, industrialization and mobility, investments in the oil and gas industry would support growth in the welding consumables market.
- The automotive sector is witnessing strong growth in both developed and developing countries, driven by economic growth, rising population and investment in infrastructure across these countries. Also, the automotive sector is witnessing a rise in the use of welding techniques, due to the growing demand for customized products. So, demand in the automobile sector will promote growth of the welding consumables market.

Welding consumables market in India

Manufactures in India heavily rely on welding consumables as a primary technique for joining metals, as no other method offers such wide-ranging benefits. Welding consumables, which are materials that facilitate the joining of two metal or alloys, are critical components of welding operations, as the quality and strength of the joint in welding is dependent on them. As different welding consumables have different properties and characteristics, selection of consumables vary according to the type of metals that are being welded, the process used in welding, and the application of the final products.

An overview of the key sub sectors in the welding consumables market

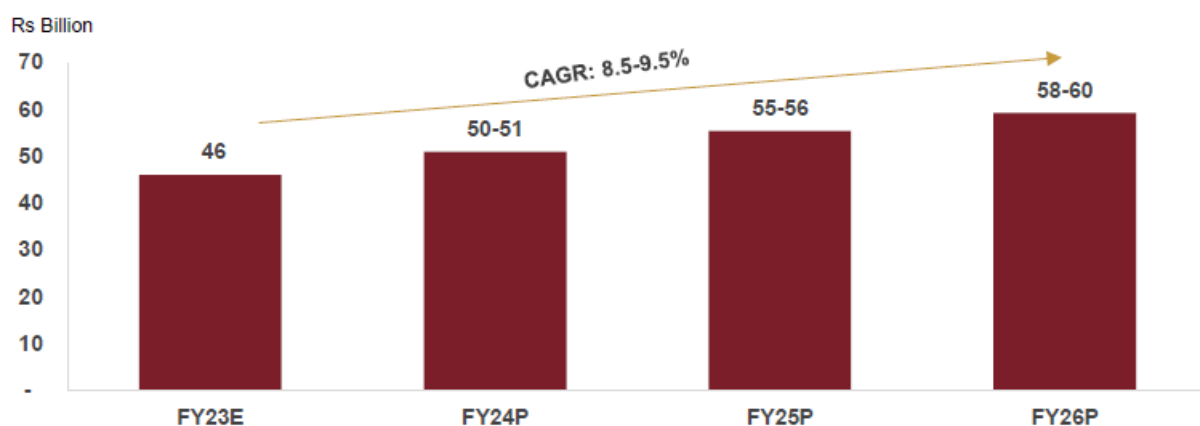
Sub-sector	Sector overview
Filler wires	- Filler wires are used to secure strong joints between two metals, as these wires melt and flow in the middle of the two metals and form a joint - Solid wire, flux-cored wire and metal cored wire are some of the common types of filler wires
Welding electrodes	- In the welding circuit, welding electrodes serve the purpose of conducting electrical current to the workpiece - Electrodes sometimes also act as filler metal, such as in manual arc welding and gas metal arc welding in the form of consumable electrodes. - There are three key types of electrodes-bar electrodes, light-coated electrodes, and shielded arc electrodes
Flux	It is used to prevent contamination by oxygen and other contaminants of molten weld metal. Apart from preventing oxidation of the molten weld metal, it is also used to provide additional heat during welding operation and improve the quality of high strength welds

Welding consumables are used extensively in the infrastructure sector in construction of roads, bridges, ports and airports. Also, welding consumables form a key component for constructing and maintaining plants across industries, such as power, cement, railways and automotive.

Market size of the welding consumables industry in India

Welding consumables market in India is estimated at around Rs 46 billion in fiscal 2023, with fiscal 2026 projections around Rs 58-60 billion. Due to the rise in demand for improved infrastructure, a lot of investment is happening in infrastructure development, such as construction of roads, bridges, ports and airports. This investment in infrastructure is one of the key growth drivers for the welding consumables sector, because welding is indispensable in the construction industry, as it provides strong and reliable joining solutions for structural components.

Trend in welding consumables market in India



Note: E — estimated, P — projected

Source: CRISIL MI&A

Also, expansion of industries such as heavy engineering, energy, oil & gas, shipbuilding, railways, power, transportation, and automotive, promotes growth of the welding consumables sector due to construction and maintenance of plants in these industries. As India aims to become a global manufacturing hub, growth in the manufacturing sector will lead to a rise in the welding consumables sector. Government initiatives such as National Infrastructure Pipeline, in which about Rs 111 lakh crore is to be invested in infrastructure during fiscals 2020 to 2025 in sectors such as heavy engineering, roads, urban infra, and railways, along with industrial reforms, such as 'Make in India' and 'Atmanirbhar Bharat', will support growth in the welding consumables sector.

Key product segments in the Indian welding consumables industry

1. Filler wire

These wires/metals are used to secure a strong bond between the two metal joints during the welding process. When heated, these metals melt to flow into the space between the two close fittings, forming a joint. Filler wires contribute to the reinforcement and durability of weld joints, minimizing the risk of cracking when the metal joint is subjected to stress or strain. Filler wires are available in various configurations, based on need of MIG, TIG and SAW welding procedures.

Common types of filler wires are **solid wires, flux-cored wires and metal-cored wires**. A solid wire, which is typically a continuous solid wire, is often coated with copper to prevent oxidation, enhance electrical conductivity, and extend the lifespan of the welding contact tip. Flux-cored wires use electric arc fuse for joining two pieces of metal together. These wires protect the welds from contamination and oxidation. A metal-cored wire consists of a tubular wire that is filled with metallic powder, alloys, and arc stabilizers. Its utilization provides advantages, such as increased duty cycles, faster travel speeds, reduced fume emissions, and enhanced cost-effectiveness.

There are many types of filler wire metal, with each metal serving a purpose and use. Mild steel, widely employed in welding, finds extensive applications for joining various base materials, including carbon steel and low-alloy steel. Stainless steel demands a more robust alloy with increased tensile strength compared with mild steel. Tungsten inert gas (TIG) and plasma arc welding employ a distinct type of filler metal, distinct from other welding processes.

Filler metals are frequently utilized to achieve a more seamless weld deposit and mitigate porosity problems. One approach is to select a filler metal with a chemical composition matching that of the base material, ensuring similarity in characteristics between the weld pool, weld deposit, and base material, thereby minimizing postwelding concerns, such as cracking and distortion in the final product arising from disparities in properties.

2. Welding electrodes

A welding electrode is a metallic rod that contains two distinct metals, wires, or filler materials. When connected from a welding machine to the base metal, it undergoes melting due to the intense electrical heat, facilitating the joining of two separate metal parts with a strong and seamless result.

Types of welding electrodes include bar electrodes, light coated electrodes, and shielded arc electrodes. Bare electrodes, which lack any form of coating, are primarily utilized in applications, where a coated electrode is unnecessary. Lightly coated electrodes are an enhanced variant of bare electrodes, featuring a thin layer of coating that measures a few tenths of a millimeter in thickness. Shielded arc electrodes

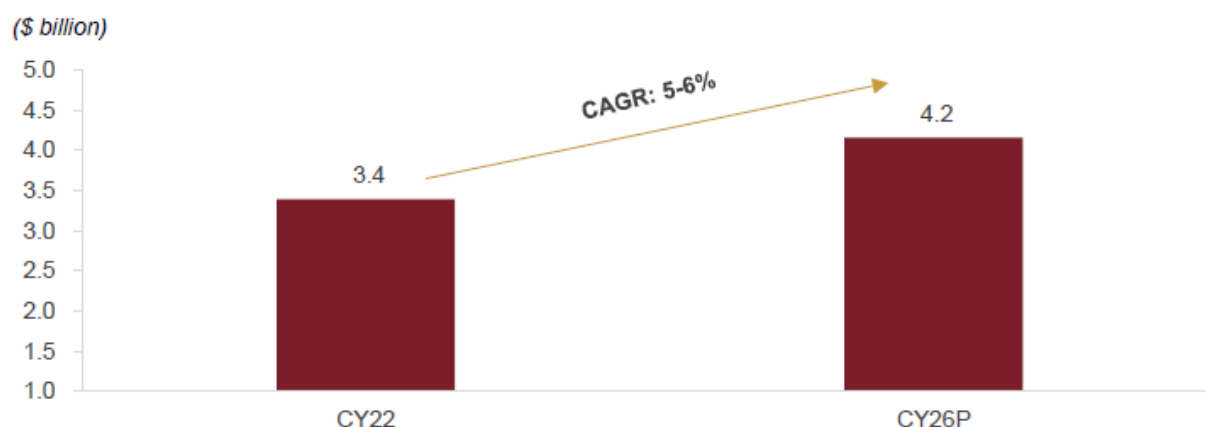
have a layer of heavy coating. These electrodes are utilized to achieve high-quality welding metal by preventing the formation of oxides and nitrides through a substantial coating layer.

The utilization of these electrodes enhances the melting speed, thereby expediting the welding process. Coating of electrodes provides insulation, allowing their usage at high currents. These electrodes enable an effortless execution of overhead and vertical welding tasks. Also, the electrodes are protected from contamination due to coating.

An assessment of the wear plates industry

Global wear plates market

Globally, wear plates play an essential role in plants across industries in protecting key equipment, increasing efficiency by reducing the frequency of part replacements and providing cost-saving benefits. The global wear plates market is estimated around \$3.4 billion for calendar 2022, with calendar 2026 projections around \$4.2 billion at ~5-6% CAGR. The demand of construction equipment and the need to protect key mining equipment is driving growth in the wear plates sector globally. Also, growing application of wear plates in the mining industry to prevent abrasion and increasing lifespan of mining equipment is driving growth in the market.



Note: E — estimated, P — projected

Source: International Market Analysis Research and Consulting Group (IMARC) wear plates market report

Share of global wear plates market by region

Asia contributes the highest in the consumption of wear plates market globally, as it is the largest coal mining region in the world. To protect key mining equipment, wear plates are used and are in demand in the region.

In Europe, several infrastructure projects, especially in the transportation sector, are creating demand for wear plates in the region. Additionally, in this region, a lot of mining activity for minerals, such as iron ore, zinc and gold, also create demand for wear plates in the region.

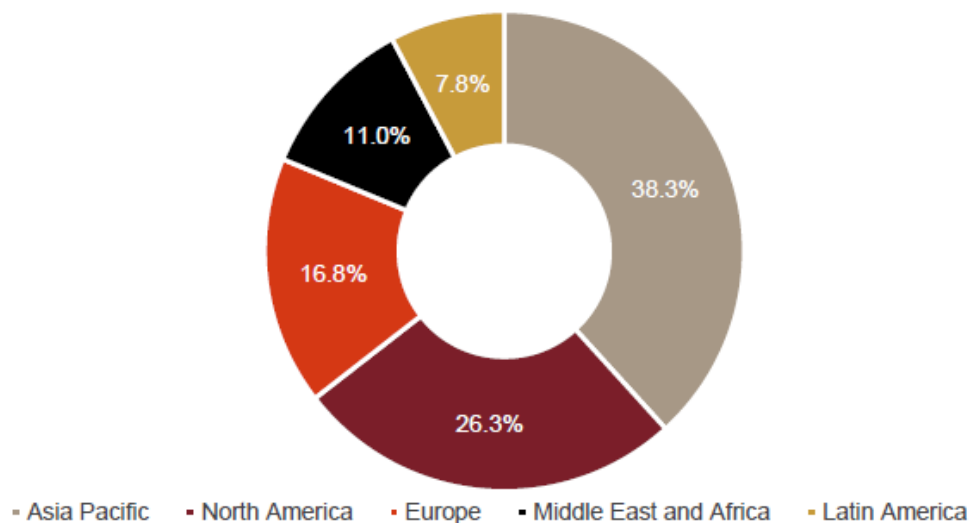
In North America, there is a surge in mining activities in countries, such as Canada, for copper, nickel and cobalt.

These mining activities, along with infrastructure development in the region, are fueling the demand for wear plates.

In Latin America, increasing urbanization and population are promoting the demand for commercial as well as residential construction in the region. The rise in such construction programs will create demand for the wear plates sector.

In the Middle East, exploration, and extraction of key minerals, such as oil, natural gas and gold, are the key components of their economy with substantial investments. These activities would require wear plates to protect key components, thus promoting the wear plate market. Also, a lot of infrastructure investment is happening in the Middle East region - such as the Neom project - to boost the economy, thus also enabling growth in the wear plates sector.

Region wise share in global wear plates market-CY22



Note- UK is included in Europe

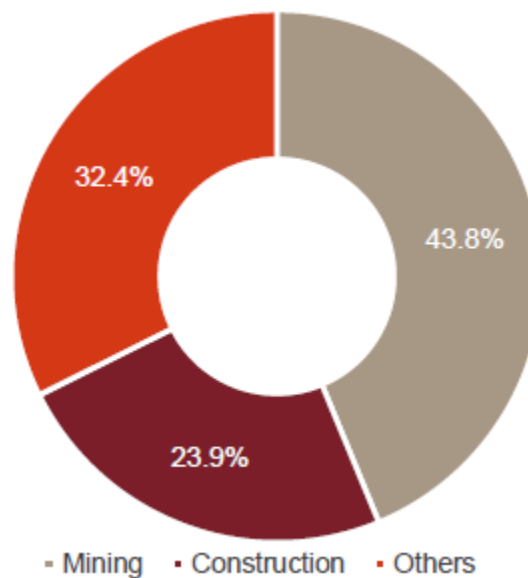
Source: International Market Analysis Research and Consulting Group (IMARC) wear plates market report

Share of global wear plates market, by end-use industry

Mining and construction industry are the key contributors to the consumption of the wear plates globally. During mining, while transporting ore material, loading and unloading leads to abrasion in wear plates. This way wear plates form a key part of the mining industry and investments in the mining sector globally will push consumption of wear plates. Also new technological developments in wear plates used in mining operations also create demand for these plates.

Globally, the construction sector attracts investments due to rising urbanisation, population and growing industrialisation. These investments in the construction sector led to demand for construction equipment and machinery. These machineries require wear plates to prevent abrasion and for a longer life span. Thus, the rise in the construction sector is one the key factor driving growth in the wear plates industry

Industry-wise share in the global wear plates market, CY22



Source: International Market Analysis Research and Consulting Group (IMARC) wear plates market report

Key drivers and trends in the global wear plates industry

- As the mineral resources play a key role in the world economy, the mining sector globally is expected to witness high investments in the sector. With these investments in the mining sector, a portion would be in upgrading and maintaining the mining equipment. As wear plates protect mining equipment against abrasion, these plates would play a key role in the mining industry and thus would attract high consumption in this sector
- As the global economy grows, various economies in the world would invest heavily on infrastructure development, due to rising urbanisation and increasing industrialisation. With the investment in the construction industry, protecting construction machinery and equipment against abrasion would be vital. Since wear plates play a key role in extending the life of construction machinery and equipment, these plates would see a constant demand from the construction sector.
- In the wear plates market, key innovations, such as laser cladding, plasma transferred arc and advance casting methods, are promoting wear plates with increased durability. Similarly, other advancements in technology in the wear plates sector, would attract new customers in these sectors looking for high-performance wear plates with customised options. Similarly, adopting new composite materials, such as wear-resistant composite materials over traditional wear plates would offer new opportunities for this market, as these composite materials offer advantages, such as being lightweight, increased customizability and lower maintenance requirement.

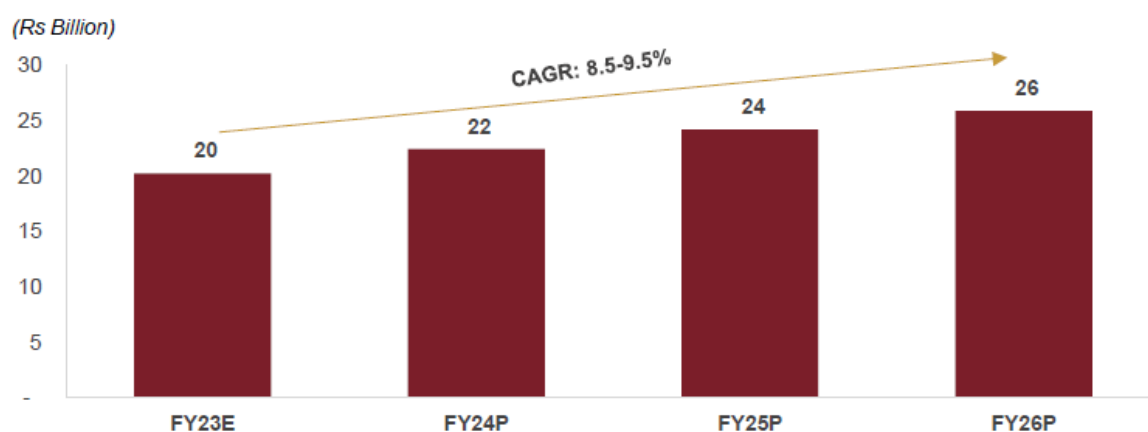
Indian wear plates market

Wear plates serve as a safeguard to vulnerable surfaces from harsh abrasion or impact, when encountering other surfaces. Key application of wear plates is where friction between two components or material leads to deterioration. As these plates are replaceable components, they protect value equipment against excessive wear and potential damage. Wear plates are used in a variety of industries, such as construction, mining, energy and power, railways, and quarries, as these plates reduce downtime

from damaged equipment, cost of part replacements and maintenance for the uninterrupted use of equipment and machines. Key players operating in the wear plates market in India are Jindal Steel, AM/NS and Diffusion Engineers.

Market size of wear plates market in India

The wear plates market in India is estimated at around Rs 20 billion in fiscal 2023 and is expected to grow at a CAGR of 8.5-9.5% to ~Rs 26 billion in fiscal 2026. Wear plates are an essential part of various industries, such as power plants, steel mills, quarrying and cement, as these plates protect key components of these industry. As India continues to undergo rapid industrialisation, each of these industries would grow and require wear plates to protect their equipment and machinery. Additionally, as investments in the Indian infrastructure market will grow, the construction industry will promote the consumption of wear plates for long and durable equipment and machines. Also, increased focus by the mining industry to improve the lifespan of mining equipment will also lead to a stronger the wear plates sector.

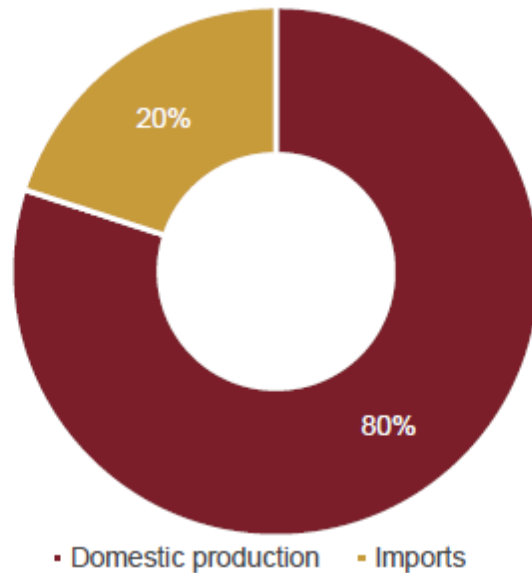


Note: E — estimated, P — projected

Source: CRISIL MI&A

Other key industries where wear plates are used, such as cement and power, saw a rise in investments in fiscal 2023. Investments in these sectors, due to a rise in infrastructure and demand for power, created a lot a demand for the wear plates sector. Machinery in powerplants and cement industries use wear plates in maintenance as well in in setting up of new plants to promote a longer lifespan of the plant equipment.

Wear plates market in India split by domestic production and imports, FY23



Source: CRISIL MI&A

Indian domestic consumption of wear plates in fiscal 2023 was met by 80% domestic production and 20% by imports. A few years ago, the contribution of imports in the market was higher, but with the rise in the number of Indian manufacturers of wear plates, the sector's imports declined. CRISIL expects a further rise in domestic production, with even lesser share of imports in the sector.

Recent trends in wear plates market

Utilisation of wear plates extends the operational lifespan of business materials, leading to a substantial increase in business profitability. Following are the key emerging trends in the wear plates sector:

1. Laser shock processing

This is one of the key technological trends in the wear plate sector. This technique involves generating and manipulating shockwaves in metallic materials, thereby improving surface properties to combat crack growth, wear, and stress corrosion cracking. By employing computational models, this method optimises the entire design and production processes, ultimately producing industrial wear plates with exceptional resistance.

2. Use of wear resistant coatings

Though majority of wear plate manufacturers use cold spray process, achieving the desired volume ratio of hard materials within the wear-resistant coating materials poses a challenge. Developments in coating powders and high particle velocities enabled increased incorporation of hard materials, resulting in coatings with higher hardness and improved wear performance.

3. Rising demand from OEMs

Original equipment manufacturers (OEMs) are increasingly favoring wear plates over traditional alternatives. The shift is driven by the superior performance and enhanced durability of wear plates,

which lead to improved equipment lifespan and reduced maintenance expenses. This growing preference highlights the significant advantages wear plates offer in various industries and applications.

Assessment of heavy engineering capital goods industry

Domestic heavy engineering capital goods industry estimated at Rs 2,650-2,750 billion as of fiscal 2023

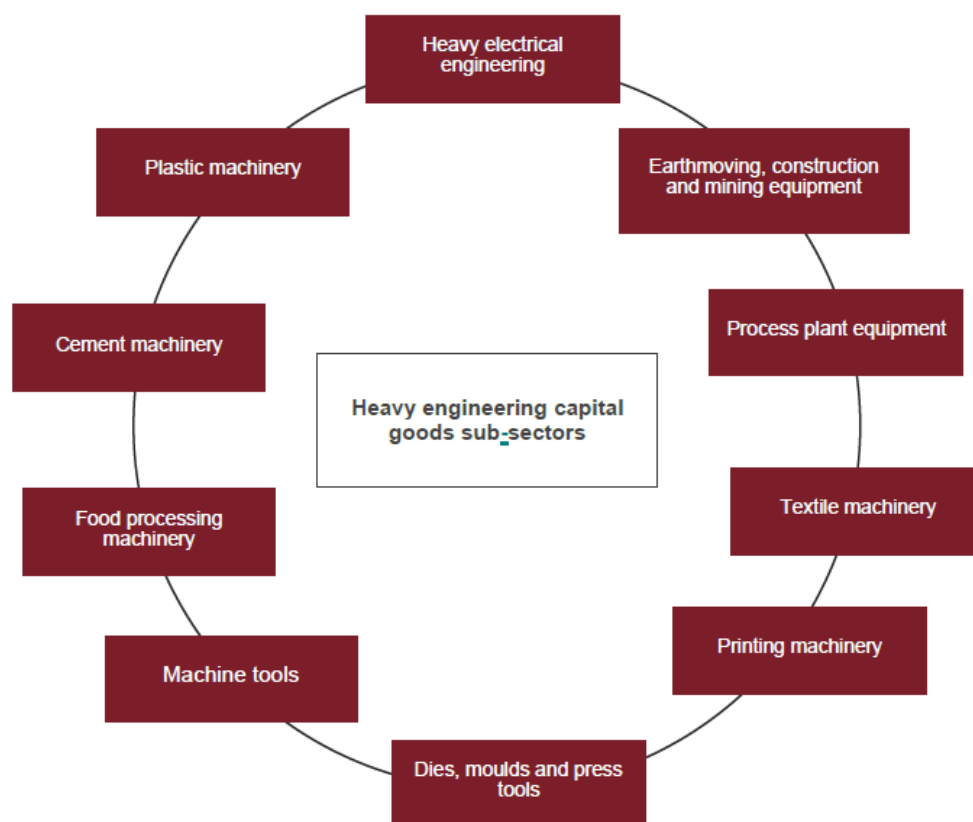
India's engineering sector is divided into two segments: heavy and light engineering. This classification is based on the nature of the product and the technology used for processing. Heavy engineering includes manufacturing and assembly of industrial machinery and plant equipment for various end-use sectors.

Equipments are designed and manufactured to suit end-use applications for industries such as fertilizer, textile, chemical, refinery, petrochemical, and oil and gas, as well as for the thermal and nuclear power sector.

On the other hand, light engineering includes sub-sectors, manufacturing everything from basic to sophisticated equipment. Light engineering products (components, parts, and small equipment) find application in automobiles, industrial machinery, power, oil and gas, fertilizers, steel, refineries, petrochemicals, cement, and railways sectors; and serve as inputs for the heavy engineering capital goods sectors.

Heavy engineering capital goods industry in India includes the following sub-sectors, as per CRISIL

Heavy engineering capital goods industry in India includes the following sub-sectors, as per CRISIL



Overview of key sub-sectors

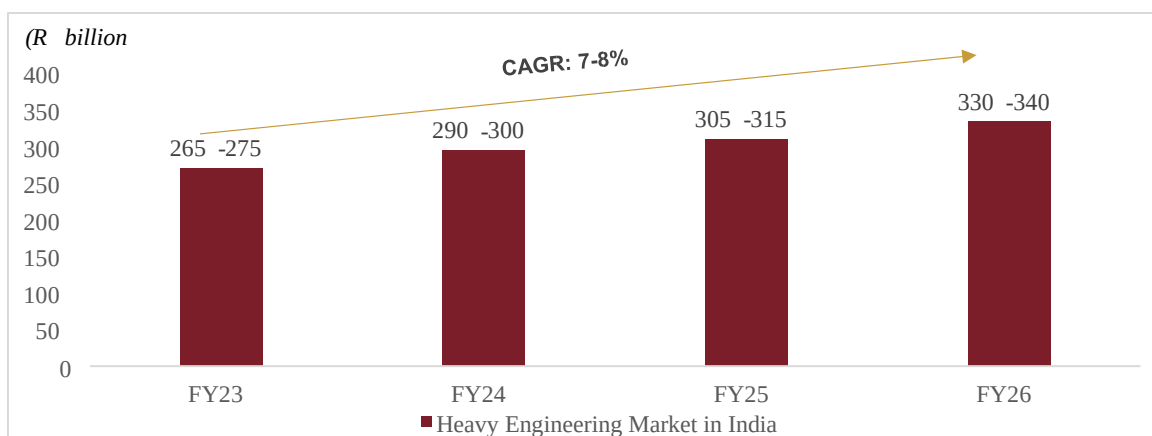
Sub-sector	Overview
Heavy electrical engineering	- A key manufacturing sector, catering to the needs of the energy, power and other industrial sectors - Major equipment, like boilers, generators, turbines, transformers, and switch gears and related accessories, are manufactured in this sector - The performance of this sector is closely linked to the country's power capacity addition programme
Earthmoving, construction and mining equipment	Manufactures backhoe loaders, compactors, mobile cranes, pavers, batching plants, crawler crane, transit mixer, concrete pump, tower cranes, hydraulic excavators, dumpers, mining shovel, walking draglines, dozers, wheel loaders, graders, drilling equipment, tunnelling machine, etc
Process plant equipment	Caters to industries such as oil and gas, chemical, pharmaceuticals, fertilisers, etc

Textile machinery	- Majority of textile machinery manufacturers in the country are small and medium enterprises (SMEs) - Key textile machines: weaving, spinning, winding, processing and synthetic fibre machines - High-end technology machines other than in the spinning segment are mostly imported
Printing machinery	- Majority of printing machinery manufacturers are SMEs - Key printing machines: web offset printing, UV coating curing, flexographic printing, screen printing, wire stitching and lamination machines
Dies, moulds, and press tools	- Consists of commercial tool makers engaged in design, development, and manufacturing of tooling in the country. Along with commercial tool makers, several government tool rooms cum training centres are also operational - Key tool room locations: Mumbai, Bengaluru, Chennai, Pune, Hyderabad, and Delhi NCR
Machine tools	- Supplies machinery to the entire manufacturing sector. It is dominated by SMEs with an annual turnover ranging Rs 3-5 billion - Machine tools currently manufactured are general/special purpose machines, standard computer numerical control (CNC) machines, gear cutting, grinding, medium size machines, electrical discharge machining (EDM), presses, press brakes, pipe bending, rolling, and bending machines
Food processing machinery	- Dominated by SMEs - Key machines: peelers, sorters, graders, pulpers, grinders, mixers, cookers, fryers, dryers, pulverisers, soymilk machines, food grain and coffee millers, ovens, forming-filling-sealing machine, milking and dairy machines, and juicers
Cement machinery	- India is the world's second-largest cement producer after China, with ~8% share in global cement production and cement capacity of ~569 million tonne as of fiscal 2022 - Cement manufacturing machines include raw mill, cement crusher, cement mill, cement kiln, cement cooler, cement dryer, cement silo, and cement packer
Plastic machinery	Key machines: injection moulding, blow moulding and extrusion moulding machines

Source: Ministry of Heavy Industries, CRISIL MI&A

Domestic Heavy engineering capital goods industry projected to grow 7-8% over fiscals 2023-26

Market size of Heavy engineering capital goods Industry in India, FY23 to FY26



E: Estimated; P: Projected

Source: Ministry of Heavy Industries, IEEMA, CRISIL MI&A

India's heavy engineering capital goods industry is estimated to be Rs 2,650-2,750 billion as of fiscal 2023 and is projected to clock a CAGR of 7-8% over fiscals 2023-26 to reach Rs 3,300-3,400 billion. Heavy electrical engineering, earthmoving, construction and mining machinery, and process plant equipment are the largest segments. The industry is expected to continue to expand on the back of rising manufacturing and construction activities.

Technological advancements, foreign direct investment (FDI), and strong government initiatives are the key growth drivers of the manufacturing sector, which will propel the heavy engineering capital goods industry as well. We expect demand for heavy engineering components to get a boost from end-use sector growth on account of improvement in the ease of doing business, the Production Linked Incentive (PLI) scheme, as well as investments in infrastructure and supportive government policies. Rising demand from key end-use sectors and material capacity addition in the cement sector will further support growth.

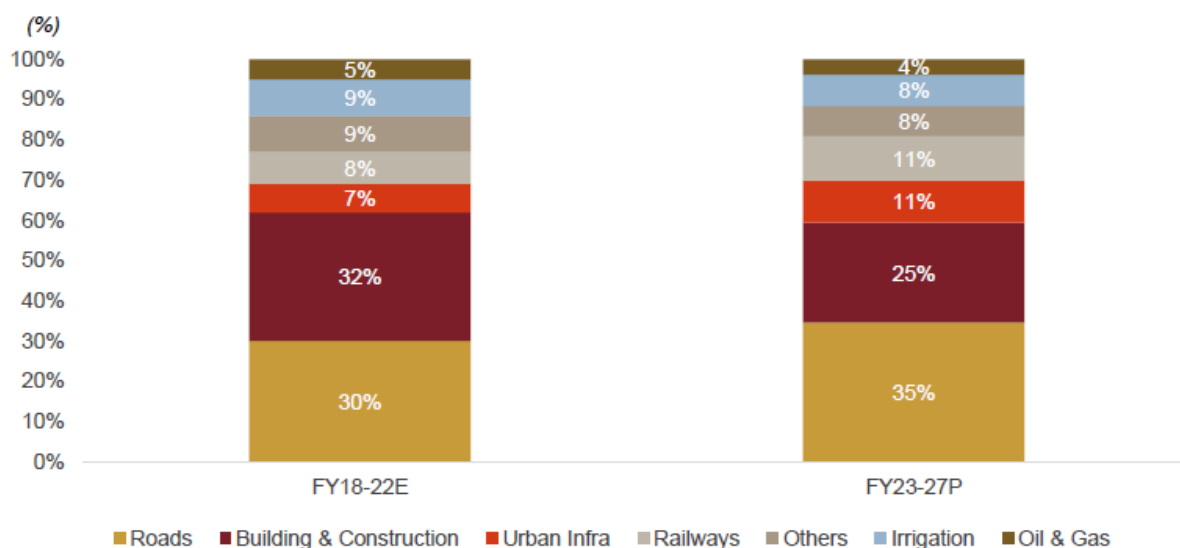
Greenfield and brownfield capacity expansion to drive demand in the medium term

The heavy engineering capital goods sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to gauge the health of the economy. Growth in the manufacturing sector is tied to sectors such as infrastructure, power, steel, automotive, oil and gas, consumer durables, etc. Demand for heavy engineering plant and equipment components comes from capacity additions in textile, consumer product manufacturing, power, mining, oil and gas, refinery, steel, and automotive and other industrial segments.

Growth in construction spend will be propelled by the infrastructure segment over the medium to long term, as the building construction and industrial sector records sedate growth rate.

For the industrial sector, spending will be driven by the PLI scheme, a time-bound scheme by the Government of India that rewards companies in the range of 5-15% of their annual revenue based on the companies meeting pre decided targets for incremental production and/or exports and capex over a base year. The same will translate into increased demand for heavy engineering capital goods.

Construction spends (Rs billion) – fiscal 2018 to 2027



P: Projected

Source: CRISIL MI&A

Capacity additions in the conventional power generation segment expected to increase to 46-48 GW (excluding renewables) over fiscals 2024-29

Capacity additions in the conventional power generation segment are expected to increase to 46-48 GW (excluding renewables) over fiscals 2024-29, driven by higher-than-decade average power demand. Fresh project announcements are limited as players are opting for the inorganic route for expansion given the availability of assets at reasonable valuations, with ~24 GW of stressed power assets awaiting debt resolution.

CRISIL expects 50-55% of the 46-48 GW conventional capacity additions over fiscals 2024-29 to be coal-based, led by a large number of planned projects and the fact that coal remains the most widely available and cheapest among the conventional sources of power. Nuclear power capacity additions of 6-7 GW are also expected to come up during the period as ongoing projects at Kakrapar, Kalpakkam, and Rajasthan are nearing completion.

The contribution of the private sector, being riddled with debt from past capacity additions, is likely to remain low over the next five years, largely limited to potential acquisition of stalled under-construction coal projects in the absence of new project announcements. Central and state sectors are expected to drive capacity additions, accounting for 59-61% and 32-34% of the conventional capacity additions, respectively.

Installed generation capacity across fuels reached 416 GW last fiscal, on the back of healthy renewable capacity additions of ~54 GW over fiscals 2018-22. It is expected to reach 700-704 GW by fiscal 2029, as renewable capacity is expected to be ~380 GW. Storage-based capacity, consisting of pumped hydro and battery energy storage systems, is likely to reach 24-25 GW by fiscal 2029, driven by PSP and BESS capacity additions of 8.5-8.7 GW and 19-20 GW, respectively, over fiscals 2024-29.

Positive policy and robust FDI support India's engineering and manufacturing industries

The domestic engineering and manufacturing industries have attracted the interest of foreign players, as these enjoy advantages in terms of production cost, technology and innovation, as well as consumer demand. FDI in India has risen over the past five years. FDI, which brings in long-term capital for capex and supports revenue growth, increased 2.2 times over fiscal 2018-23 compared with fiscal 2013-17.

The government has encouraged foreign investments by permitting 100% FDI under the automatic route for the heavy engineering industry (except for countries with land borders with India). FDI in manufacturing segments will strengthen demand for heavy engineering capital goods. Further, the sector does not require an industrial license. Quantum of payment for technology transfer, design and drawing, royalty, etc. to the foreign collaborator is not restricted. There are no restrictions on imports-exports as well.

FDI inflows (Rs billion) – fiscal 2013 to 2023

Sector	FY13-17	FY18-23	Increase in FDI inflows (times)
Construction (infrastructure) activities	81	1,441	17.7
Electrical equipment	232	366	1.6
Power	269	348	1.3
Food processing	386	321	0.8
Industrial machinery	160	147	0.9
Textiles	86	120	1.4
Mining	83	85	1
Cement and gypsum products	173	19	0.1
Machine tools	21	15	0.7
Earthmoving machinery	14	13	0.9
Sugar	10	3	0.3
Total FDI inflows ¹	10,125	21,921	2.2

1: Total FDI inflows across all industries

Source: DPIIT, CRISIL MI&A

Supportive government schemes and policy intervention to boost heavy engineering sector

Overview of Production Linked Incentive (PLI) Scheme

Launched in March 2020, the PLI scheme focuses on 14 sectors with an incentive outlay of Rs 1.97 trillion (~\$ 26 billion) to strengthen the production capabilities of the economy. These sectors include auto components, automobile, aviation, chemicals, electronic systems, medical devices, metal and mining, pharmaceuticals, renewable energy, specialty steel, telecom, textiles and apparel, food processing, and white goods.

Sectors that are covered by the PLI scheme and have seen an increase in FDI inflows over fiscals 2022-23 are drugs and pharmaceuticals (+46%), food processing (+26%), and medical devices (+91%). As of June 2023, 733 applications have been approved in 14 sectors with an expected investment of Rs 3.65 trillion.

As many as 176 MSMEs – in sectors such as bulk drugs, medical devices, pharmaceuticals, telecom, white goods, food processing, textiles, and drones – have benefited from the PLI scheme. Actual investment of Rs 625 billion has been realized till March 2023, resulting in incremental production/sales over Rs 6.75 trillion and employment generation of ~3,25,000.

Exports got a Rs 2.56-trillion boost till fiscal 2023. Incentive amount of ~Rs 29 billion was disbursed last fiscal under the PLI scheme for eight sectors – large-scale electronics manufacturing (LSEM), IT hardware, bulk drugs, medical devices, pharmaceuticals, telecom and networking products, food processing, and drones and drone components. The strong supply-side push to the manufacturing sector will push greenfield and brownfield expansion, resulting in growth of the heavy engineering industry.

Overview of key schemes for the heavy engineering capital goods industry

Scheme	Overview
Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector - Phase I	- Launched in November 2014, the objective of the scheme was to address various constraints faced by the sector - Advanced Centres of Excellence were set up at IITs, IISc and CMTI in partnership with the industry to develop strategic technology and machinery 4 Industry 4.0 Centres are imparting awareness and support to MSMEs for smart manufacturing capabilities, 15 common engineering facilities centres have been created for high tech-skilling and a 530-acre specialized Machine Tool Industrial Park has been established - Under this scheme, 33 projects with budgetary support of Rs 5.83 billion and a total outlay of Rs 9.96 billion were sanctioned. These aimed at addressing technology gaps, infrastructural requirements, and developmental needs of the sector
Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector - Phase II	- The phase II was launched for aiding Common Technology Development and Services Infrastructure. The scheme has a financial outlay of Rs 12.07 billion with budgetary support of Rs 9.75 billion, and industry contribution of Rs 2.32 billion - The scheme is an extension of phase I. A total of 27 projects with project cost of Rs 9.1 billion have been approved so far under the Phase-II This phase has the following six components: - Identification of technologies through technology innovation portals (TIPs) - Setting up of new advanced CoEs and augmentation of the existing centres - Promotion of skilling in the capital goods sector – creation of skilling packages - Setting up of common CEEFs and expansion of the existing centres - Expansion of the existing testing and certification centres - Setting up of industry accelerators for technology development

Source: Ministry of Heavy Industries, CRISIL MI&A Research

Some key growth drivers supporting the heavy engineering capital goods, welding consumables and wear plates industries in India

Rising contribution of manufacturing sector in overall GVA to support growth of heavy engineering capital goods, welding consumables and wear plates industries in India

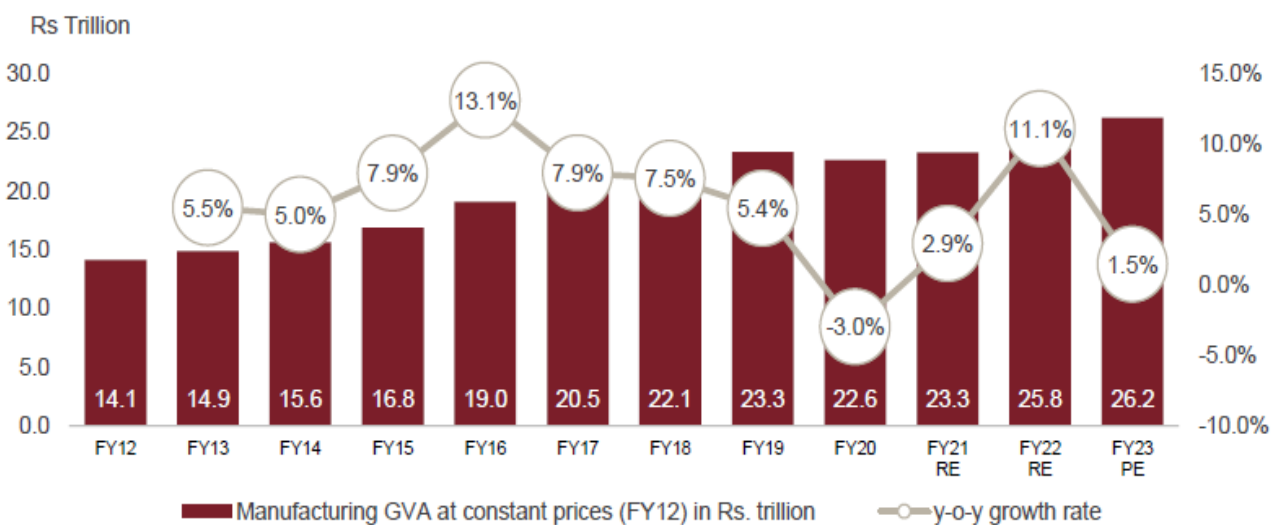
Contribution from the manufacturing sector in total GVA at basic prices increased from 17.4% in fiscal 2012 to 18.7% in fiscal 2022, logging a CAGR of 6.2%. Domestic demand remains the primary driver of the growth in manufacturing, supported by capex push and easing inflationary pressures on consumers.

Manufacturing	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21R E	FY22R E
Manufacturing contribution (% of GVA)	17.4%	17.4%	17.2%	17.3%	18.1%	18.1%	18.4%	18.3%	17.1%	18.3%	18.7%

RE: revised estimate, PE: provisional estimate

Source: CRISIL MI&A

Manufacturing GVA at constant prices (FY12 base year)



Source: CRISIL MI&A

Rising demand from key end-use industries to support demand for heavy engineering capital goods, welding consumables and wear plates

Sector	Key trends
Steel	- Steel demand increased 13.3% in fiscal 2023 because of the infrastructure push, strong housing projects and pent-up demand from the auto sector - This fiscal, robust demand from allied sectors and a capex push by the government will boost domestic demand 7-9%
Power	- Power demand surged in the first quarter of last fiscal on the back of a nation-wide severe heatwave, apart from continued momentum in the economic activity. As a result, power demand registered a 9.6% on-year growth in the fiscal despite a high base in the previous two consecutive years - Power demand is projected to clock a CAGR of 5.0-5.5% in the medium term, supported by economic growth recovery and improved reach and quality of power supply
Cement	- Cement demand grew a healthy ~12% last fiscal, supported by tailwinds from strong demand for rural housing and infrastructure - This fiscal, the infrastructure segment is expected to be the major demand driver, led by a ~24% rise in the Centre's budgeted spending in key segments over revised estimate for fiscal 2023
Auto components	- The auto components industry saw a robust 24-26% growth last fiscal owing to economic recovery (GDP growth of ~6.8%), buoyant demand from OEMs and the replacement market - This fiscal, the industry revenue is poised for a double-digit growth led by the OEM segment
Construction equipment	- Last fiscal, the construction equipment industry showed a whopping 26% rise driven by a 23% growth in volume. The sales volume hit an all-time high with a pick-up in infrastructure construction and mining in the backdrop of economic recovery and introduction of newer machinery complying with the BS-IV - For this fiscal, volume growth projected is 14-16% with price rises accounting 2% growth as OEMs raise prices attributable to the input cost inflation coupled with increased cost for meeting new emission norms applicable from April 1, 2021.
Sugar	- Industrial consumption that accounted for ~64% of total domestic sugar consumption in sugar season 2022 (October-September) is expected to rise a steady 3% each in 2023 and 2024 seasons, led by a pick-up in demand from segments such as hotels, restaurants and cafes (HORECA), non-alcoholic beverages, and chocolates and confectionery - Household consumption that accounted for ~36% of the total domestic consumption in the sugar season 2022 is expected to rise ~1.5% in 2023 and 2024 seasons owing to increasing population and because sugar is already a highly penetrated product.

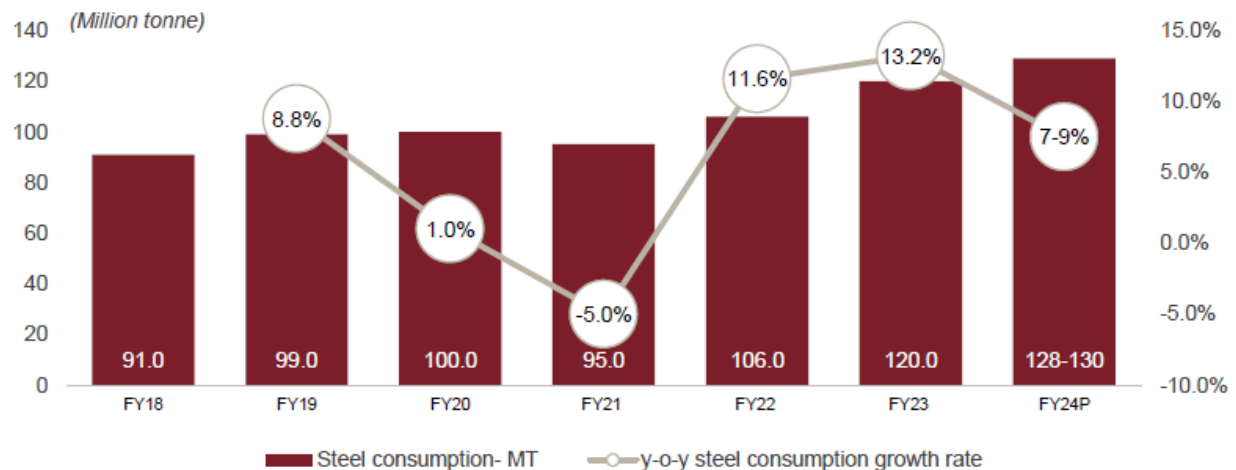
Source: CRISIL MI&A

Overview of key end-use industries

Steel Industry in India

Last fiscal, the Indian steel industry grew 13% to ~120 MT. The growth projection for this fiscal is 7-9%. The healthy growth for this fiscal is expected to be driven by a sharp 11-13% growth in the infrastructure sector and a decent 5-7% expansion in the housing driven by government housing construction and private demand. The automobile production is expected to rise 6-8% driven by both passenger and commercial vehicles.

Steel consumption in India



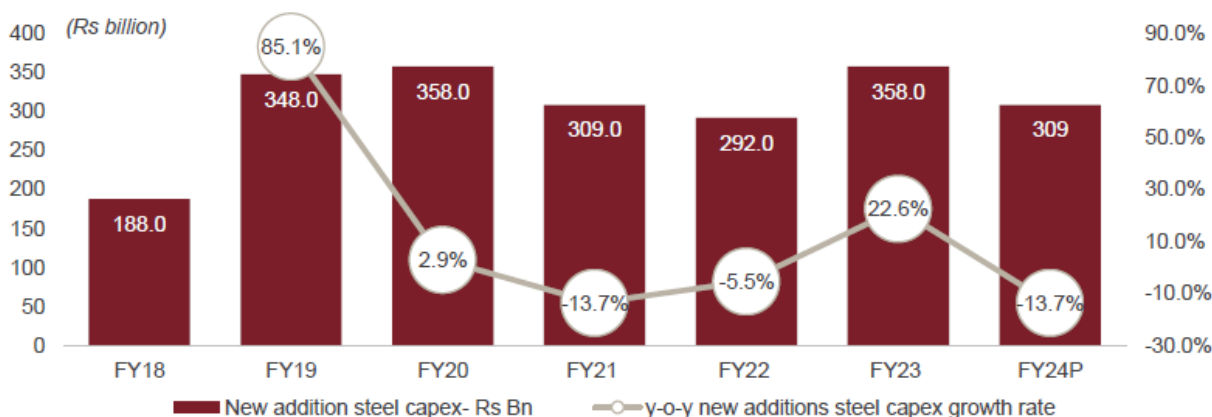
Source: CRISIL MI&A

The key end-use segments of the steel industry are building and constructions, infrastructure and automotive. The building and construction industry accounts for 35-40% of total steel demand, followed by infrastructure (25-30%) and automotive sector (8-10%).

Steel capex

CRISIL MI&A expects new additions capex in the steel industry to have been ~ Rs 358 bn in fiscal 2023. For this fiscal, the projection is at Rs 309 bn. The planned expansions by large players are majorly in the BF-BoF route.

Steel capex



Note: P — projected

Source: CRISIL MI&A

Some other capacity additions are in the pipeline too as integrated steel plants (ISPs) have submitted their proposal for expansion. However, such additions are subject to getting necessary approvals from various government departments and ministries.

Key trends and drivers Indian steel industry

Fiscal 2023 proved to be a tumultuous year for the steel sector as the Russia-Ukraine conflict that started in the last quarter of fiscal 2022 pushed up the prices of coking coal, iron ore, pig iron and steel. Prices of all these commodities hit new all-time highs, hurting the domestic demand. The prices directly impacted the procurement decisions of the players in the end-use segments in the first quarter of fiscal 2023.

However, the remaining months of the fiscal saw a strong recovery with the domestic prices correcting swiftly after the government curbed exports of finished steel. Further, the post-monsoon demand revival and festival season also boosted the demand growth.

In fiscal 2023, demand growth stood at 13.3%, with the flat segment seeing a 16.6% growth and the non-flat segment 10.6%.

The factors that will support the healthy domestic demand this fiscal are as follows:

- The long steel segment to augur well on infrastructure push and housing executions
- Relief expected in flat steel as semi-conductor shortage is steadily alleviating. Further, healthy growth in urban housing is expected to boost demand for flats (used in applications such as railings, doors, staircases and outdoor construction)

The healthy domestic demand growth projected this fiscal will be driven by a sharp 11-13% growth in infrastructure and a decent 5-7% rise in housing driven by government housing construction, and private demand. the automobile production is expected to increase 6-8% driven by both passenger and commercial vehicle production.

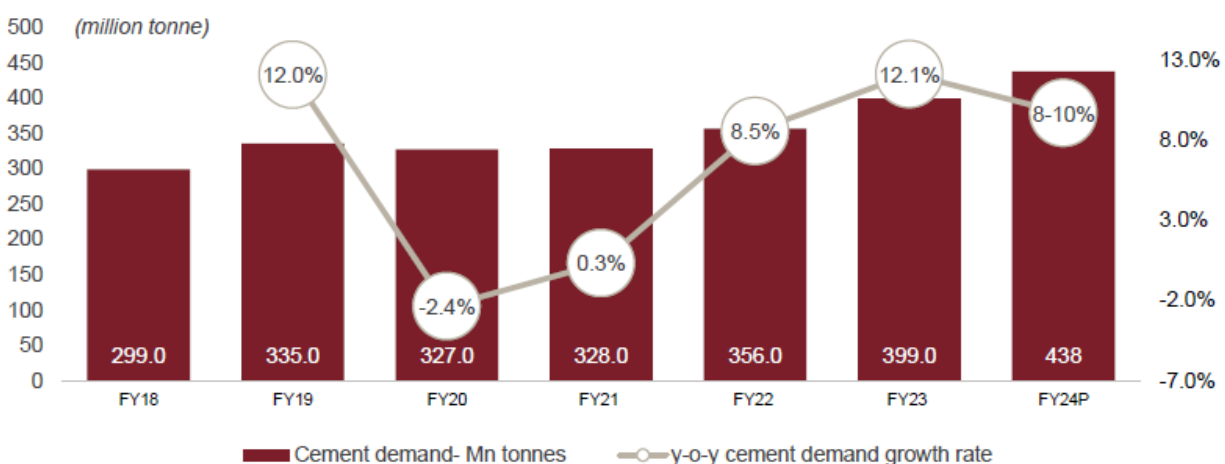
Cement Industry in India

The cement industry, one of India's oldest sectors, plays a crucial role in the country's economic development and contributes significantly to the nation's GDP. In fiscal 2023, domestic cement demand was estimated at ~399 MT, up 12% on-year. For this fiscal, the growth is projected at 8-10%.

High construction costs had impacted demand in the early months of fiscal 2023 but witnessed some cooling off in the second half. The demand was supported by strong demand for rural housing and infrastructure. The individual housing segment, especially rural, which was expected to bear the brunt of inflation in the early months of the fiscal, fared well in the second half amid cooling construction costs, higher rural income owing to healthy yields and increase in crop prices. Overall, these factors supported demand growth from the rural housing segment. Infrastructure continued the strong growth, led by the government's spending, primarily via its flagship schemes, such as PM Gati Shakti and the NIP.

This fiscal, the infrastructure sector is expected to be a major demand driver, led by a ~24% rise in the Centre's budget allocation for key segments. The highest traction is expected from roads, where the total outlay for the Ministry of Road Transport and Highways (MoRTH) and the National Highways Authority of India rose 25% and 15%, respectively.

Cement demand in India



P-Projected

Source: CRISIL MI&A

The end-use mix of the cement industry comprises the housing (57-59%), infrastructure (27-29%), and industrial/ commercial (13-15%) segments. Post the pandemic, demand for real estate and urban housing shot up in fiscal 2021 as work-from-home mandate boosted the demand for spacious homes. With incomes stabilizing, customers started preferring home ownership to rental. A decline in the cost of buying also supported. The housing segment growth is expected to moderate over fiscals 2024-2028 on a high base but will remain a key contributor backed by a lower concretization rate in the country.

Cement capex

Cement capex in the country was estimated at ~Rs 1.270 lakh crore during fiscals 2018-2023. It is expected to see a healthy growth during fiscals 2024 and 2025.

Last fiscal, the cement industry is estimated to have added 24-28 MT capacity (including grinding and integrated units) as against ~34 MT added in fiscal 2022. The decline in capacity addition was because of heightened cost pressure that impacted players' profitability and cash accruals. Capacity addition is expected to pick up this fiscal as we expect 36-40 MT to be added. CRISIL estimates that overall installed capacity will reach 630-635 MT by this fiscal end.

Key trends and drivers

- **Housing:** Cement demand from housing to be driven by affordable and rural housing. A 12.5% increase in allocation to PMAY-G in the Union Budget for 2023-24 over revised estimate for fiscal 2023 and government impetus on completions ahead of 2024 elections will support the rural housing demand.

Urban housing growth is expected to be driven largely by a pick-up in PMAY-U construction this fiscal as the scheme is on the verge of completion.

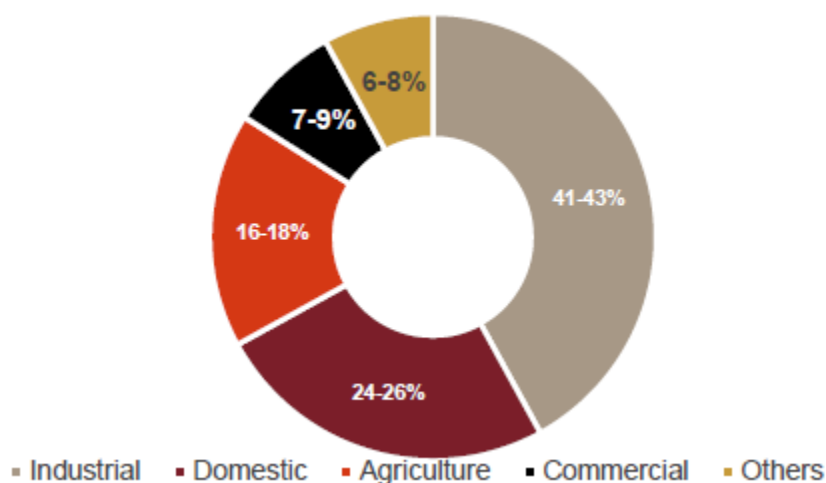
- **Infrastructure:** Within infrastructure, roads have been the largest contributor to cement demand, followed by the railways, irrigation and urban infrastructure. There is a sharp rise in infrastructure capex in this fiscal's budget. The highest traction is expected from roads, where the total outlays for the MoRTH and the National Highways Authority of India have risen 25% and 15%, respectively. Along with the MoRTH, total budget outlay for the Ministry of Railways has also risen 15% for fiscal 2024 over the revised estimate for fiscal 2023. While there is no relief in terms of duty changes, the surge in capital outlays will boost demand in the coming fiscal.
- **Industrial & commercial segments:** Cement demand from the industrial and commercial segments is expected to grow a healthy 8-10% on-year this fiscal on two consecutive years of healthy bases. The depressed utilizations and stretched financials of players during the pandemic forced the companies to defer their capex planned for fiscals 2021 and 2022 to fiscals 2023 and 2024. The move was aimed at conserving cash in uncertain times. Hence, the players have announced fresh rounds of capex, which will be implemented in upcoming fiscals.

Power industry in India

For India to sustain its economic growth trajectory, sufficient generation capacity and well-developed power infrastructure are critical. Power demand surged in the first quarter of fiscal 2023, owing to a severe heatwave in the country, apart from continued momentum in economic activity. As a result, power demand rose 9.6% on-year in fiscal 2023 despite a high base in the two consecutive preceding years. CRISIL MI&A expects the power sector to grow at 4-6% on-year in fiscal 2024 to 1,591 BUs from 1,512 BUs in fiscal 2023 on continued push towards urbanization and growing population.

In terms of consumption, industrial and domestic segments dominated at 41-43% and 24-26% respectively, in fiscal 2021, followed by agriculture and commercial.

Segment-wise power consumption in fiscal 2021



Source: CRISIL MI&A

In fiscal 2023, demand from the commercial and industrial segments, which declined 6.8% on-year in fiscal 2021 following outbreak of the pandemic, grew 10.0% on-year, led by broad-based recovery. Even in fiscal 2021, power demand from the industrial and commercial sectors, recovered strongly in the second half owing to lifting of restrictions and healthy revival in consumer sentiment on the back of the festive season and pent-up demand.

In fiscal 2024, power demand from the industrial segment is expected to rise 5-5.5% on-year, driven by sustained consumer sentiment and restarting of the capex cycle.

Also, demand from the agriculture sector, which rose 11% on-year in fiscal 2023, is expected to grow 5.5-6% in fiscal 2024 on a high base. The rise will be led by reduced power cuts, segregation of agricultural and non agricultural feeders, and solarization of distribution feeders.

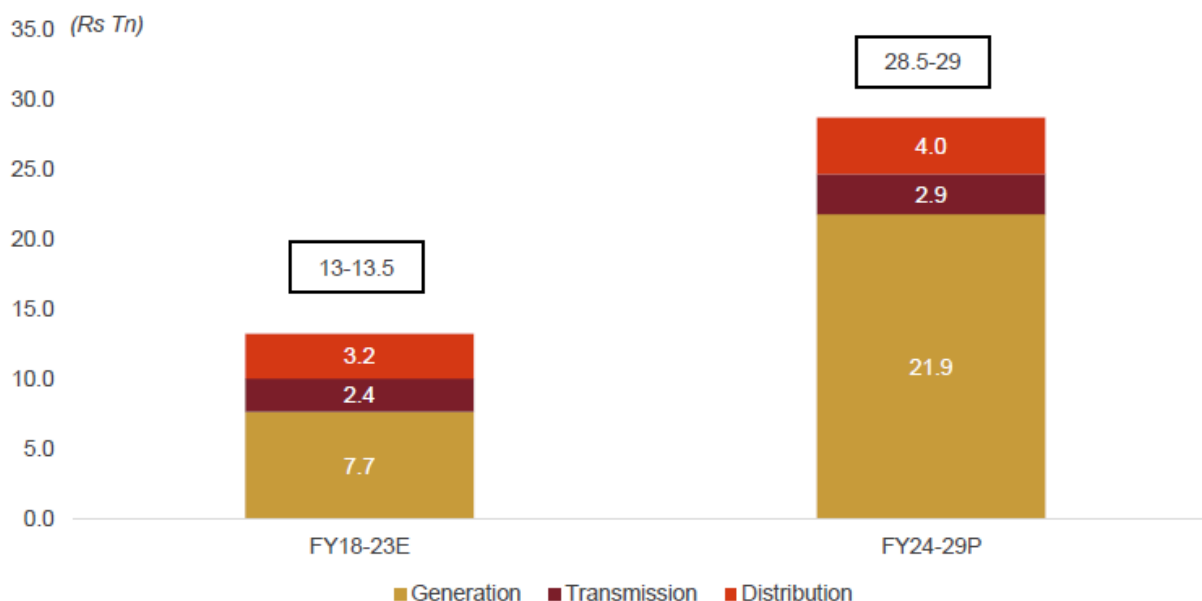
Electricity demand from the commercial segment also recovered fully in fiscal 2023, growing a strong 10% on-year vs. a decline of 26% on-year in fiscal 2021 on the back of offices and educational institutions reopening.

In fact, in the long term, CRISIL MI&A expects power demand from the commercial segment to improve on account of rising urbanization, which will lead to growth in hospitals, educational institutions, malls, and offices.

Capital expenditure in Indian power industry

CRISIL MI&A expects investments of Rs 28.5-29 trillion in the power sector over fiscal 2024 to 2029. Within the space, though, the share of investments in generation is projected to increase, while that of distribution is expected to decrease vis-à-vis fiscal 2018 to 2023 share.

Segment-wise break-up of total investments



Source: CRISIL MI&A

To be sure, investments in the generation segment are expected more than double to ~Rs 22 trillion over next six years, driven by renewable and conventional capacity additions of 225-230 GW. While the share of distribution in the sector pie is expected to shrink, still investments are projected to increase 30% over the period to Rs 4 trillion, owing to reform-based and result-linked Revamped Distribution Sector Scheme, which runs from fiscal 2023 to 2026. Transmission sector investments will grow ~8% to Rs 2.6 trillion, led by upcoming interstate transmission system and Green Energy Corridor projects.

Key trends and drivers in India's power industry

- Macroeconomic factors:** Aatmanirbhar Bharat relief package, government spending on infrastructure through the National Infrastructure Pipeline, commissioning of dedicated freight corridors, expansion of the services industry, rapid urbanisation, and rising farm incomes from agriculture-related reforms are key factors increasing power demand. Also, policy initiatives, such as the PLI scheme and low corporate tax rates, among others, have supported large scale manufacturing in the country, further boosting power demand
- Railway electrification:** The government aims to achieve 100% electrification of the Indian Railways by December 2023 in a bid to become net-zero greenhouse gas emitter by 2030. However, the works have seen some delays because of pandemic-induced lockdowns, as well as sluggish pace of execution. That said, the Railways has been allocated a capital outlay of Rs 2.4 lakh crore in Union Budget 2023-24, the highest ever allocation to the national transporter; this continues the trend followed last year, wherein gross budgetary support was Rs 1.37 lakh crore. This is expected to provide impetus to the sector, in terms of establishing of new lines, doubling existing lines, and electrification of existing lines. Hence, the power sector is forecast to see majority of incremental demand from railway electrification of ~27 BUs on average annually. A further increase will be offset by decrease in energy consumption in electrifying per km route, owing to improvement in energy efficiency.

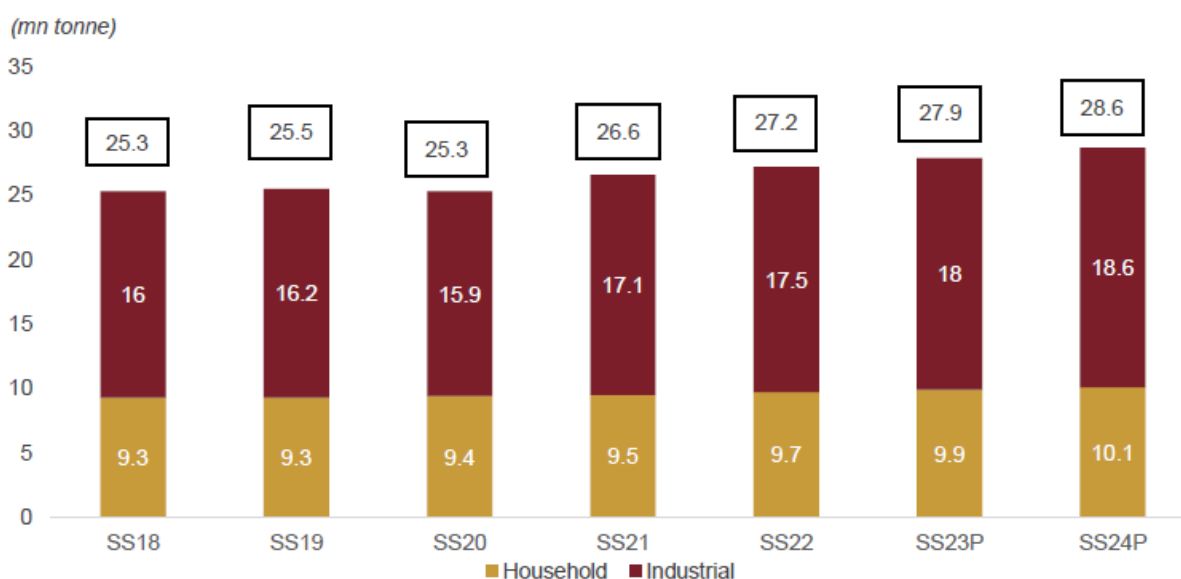
- **Metro projects:** Electricity consumption of the urban metro system is mainly from electricity consumption for train traction and station operation. Metro rail has seen substantial proliferation in India in recent years, and the rate of growth is projected to increase 2-3x going forward, as several cities look to set up metro rails to meet their daily mobility requirements. Currently, ~78 km of metro routes is operational across nine cities, and ~987 km of metro lines are under construction, with a further 245 km proposed. Electricity consumption from this is expected to add 4-5 BUs of incremental power every year. Hence, the metro segment, which currently constitutes a marginal share of the total incremental demand, is expected to increase with the large quantum of upcoming projects
- **Electric vehicles:** Under the National Electric Mobility Mission plan, the government is promoting EVs through demand-side incentives, in terms of subsidies, promoting setting up of charging infrastructure, and encouraging research and development in battery technology, power electronics, battery management, system integration, etc. CRISIL MI&A projects that, adoption of EVs will add upto 90 BUs of power demand between fiscal 2024 and 2029, an average of 14.8 Bus per year in the same period.

Sugar Industry in India

The sugar industry is a crucial agro-based sector. It directly affects the livelihoods of approximately 50 million farmers and around 500,000 workers employed in sugar mills, primarily in rural areas. In sugar season 2023 (October-September), sugar consumption is expected to increase ~3% to 27.9 MT from 27.2 MT in sugar season 2022. Industrial consumption that accounted for ~64% of the domestic sugar consumption in sugar season 2022 is expected to rise a steady 3% each in 2023 and 2024 seasons, led by a pick-up in demand from the hotels, restaurants, and cafes (HORECA), non-alcoholic beverages, and chocolates and confectionery segments.

Household consumption that accounted for ~36% of domestic consumption in sugar season 2022 is expected to rise ~1.5% with the population increasing in 2023 and 2024 seasons as sugar is already a highly penetrated commodity.

Domestic sugar consumption



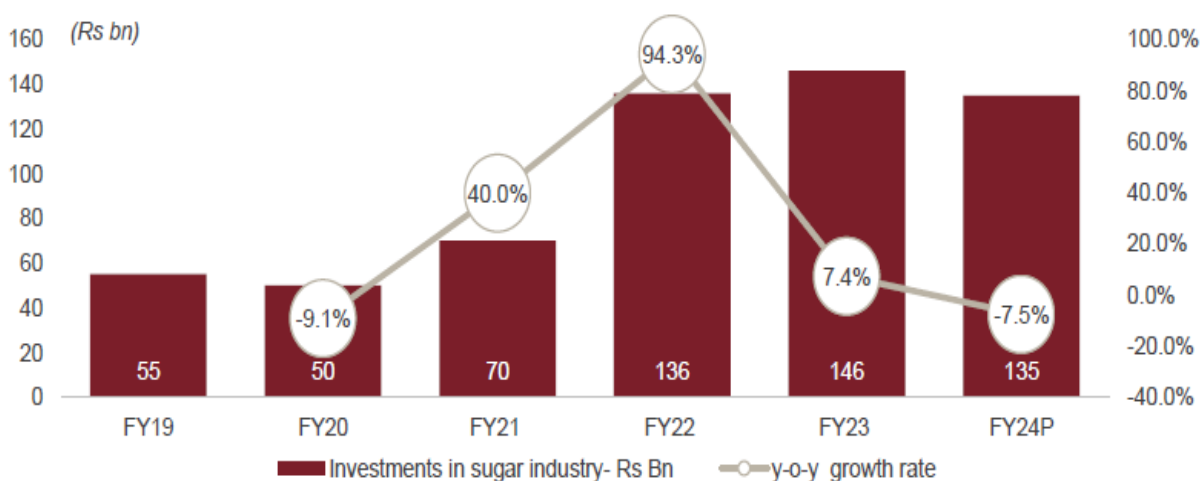
Source: CRISIL MI&A

The HORECA segment is a major consumer of sugar at an industrial level, with changing food habits and increasing number of social gatherings propelling growth. Also, consumption of soft drinks has increased with rising disposable incomes. The chocolate and confectionary spaces are growing as well with premiumization in gifting. Owing to these factors, industrial consumption of sugar is expected to grow at ~3% on-year in SS 2023 as well as SS 2024.

Capital expenditure in domestic sugar industry

CRISIL MI&A estimates investments in the sugar industry rose 7% on-year in fiscal 2023, to Rs 146 billion, with the projection for fiscal 2024 at Rs 135 billion.

Investments in sugar industry



P: Projected

Source: CRISIL MI&A

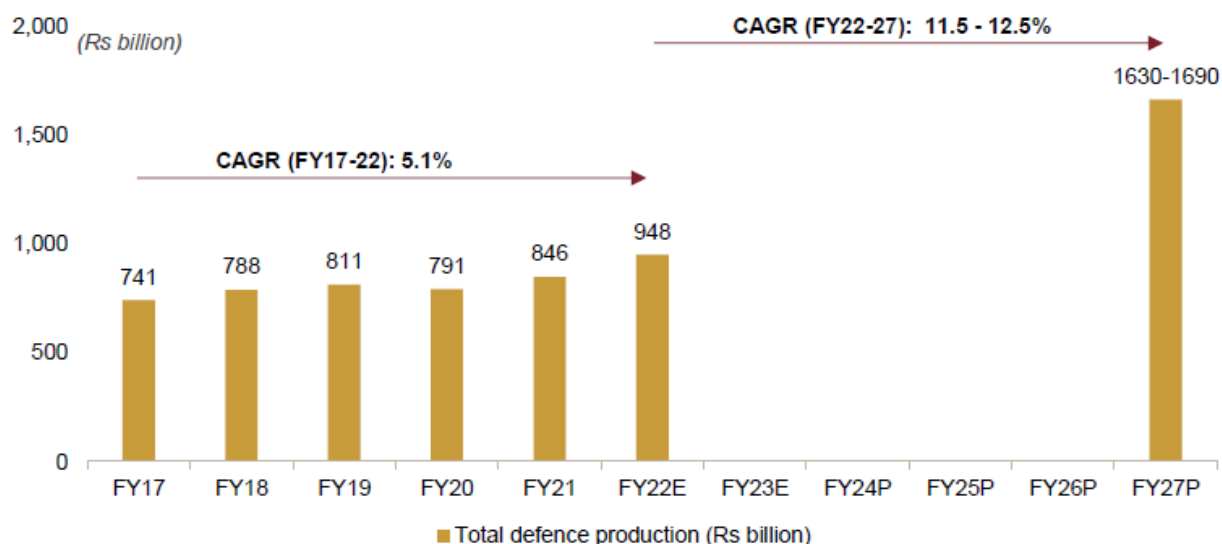
Key trends and drivers in India's sugar industry

- HORECA segment is the major sugar consumer, led by changing food habits and increasing number of social gatherings
- Rising disposable income will lead to increased consumption of soft drinks, chocolates, and confectionary, and, therefore, demand for sugar by those sectors
- However, household demand will be determined by prices of alternative sweeteners, i.e., jaggery and kandsari, and growth in the country's population

Defense industry in India

Over the past few years, indigenous defence production has been a key priority for the government. Various measures have been introduced to encourage the domestic defence industry. This includes, raising the FDI limit to 74% from 49%, DAP-2020 (which focuses on domestic procurement), PILs, simplification of industrial licensing, the iDEX scheme, SRIJAN portal, reforms in the offset policy, transfer of technologies, etc.

Total defence production in India, FY17-27P



Source: MoD, CRISIL MI&A

Defence production in India totalled Rs 948 billion in fiscal 2022, up at a CAGR 5.1% over fiscals 2017-22. It is expected to grow at 11.5-12.5% over fiscals 2022-27 to Rs 1,630-1,690 billion. It will be supported by policy reforms mentioned in the previous section, strong impetus on the private sector's involvement, and infrastructure development (defence corridors in Uttar Pradesh and Tamil Nadu). The government has set a target of \$5 billion exports and corresponding \$22 billion defence production by 2025. The capital expenditure (capex) planned by the DPSUs will also boost domestic production.

Private sector in defence production

As of FY22, DPSUs held the largest share in the defence production at 59%, followed by private companies (21%), Ordnance Factory Board (OFB; 13%), and other PSUs/ JVs (8%).

Supported by policy support, the private sector has been growing at a slightly higher growth rate (7.1% over fiscals 2017-22) than DPSUs (6.7%). Over fiscals 2021-22, 85 new defence industrial licences were issued to the private sector. As of October 2022, the government has issued 595 industrial licences to 366 companies operating in the defence sector. Out of these, 113 companies covering 170 defence industrial licences have commenced production. Validity of the licences has been increased from 3 years to 15 years. PILs have opened new avenues of defence production for private companies and widened their scope to capture market share.

OFBs de-grew 4.3% over fiscals 2017-22, due to the conversion of OFB production units into seven DPSUs with 41 units, with effect from October 1, 2021.

Competitive landscape assessment

In this section, CRISIL MI&A has compared key players in the domestic heavy engineering, wear plates and welding consumable industries. Data has been sourced from publicly available information, including annual reports and investor presentations of listed players, regulatory filings, rating rationales,

and/or company websites. The financials in the competitive section have been re-classified by CRISIL MI&A, based on annual reports and filings by the players.

Overview of key players

The welding equipment, wear plates and heavy engineering industries comprise both organized and unorganized players, some of key players in these industries are listed below.

Company name	Year established
ISGEC Heavy Engineering Ltd	1993
Esab India Ltd	1987
Ador Welding Ltd	1951
Ewac Alloys Ltd	1962
Diffusion Engineers Ltd	1982
AIA Engineering LTD	1978

Source: CRISIL MI&A, company website and annual reports, secondary research

Key financial parameters

Operating income

Players	Revenue (operating income in Rs mn)			On-year growth (FY21-FY22)	On-year growth (FY22-FY23)	CAGR growth %(FY21FY23)
	FY21	FY22	FY23			
ISGEC Heavy Engineering Ltd	54265	54763	63990	1%	17%	9%
Esab India Ltd	6864	8971	10908	31%	22%	26%
Ador Welding Ltd	4493	6627	7789	47%	18%	32%
Ewac Alloys Ltd	2056	2389	2689	16%	13%	14%
Diffusion Engineers Limited	1554	2049	2550	32%	24%	28%
AIA Engineering Ltd	28815	35665	49088	24%	38%	31%

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

Operating income – Revenue from operations which includes sales of products & services and other operating revenues

OPBDIT

Players	OPBDIT in ₹ in million			On-year growth (FY21-FY22)	On-year growth (FY22-FY23)	CAGR growth %(FY21FY23)
	FY21	FY22	FY23			
ISGEC Heavy Engineering Ltd	101	64	127	-37%	100%	12%
Esab India Ltd	891	1229	1867	38%	52%	45%
Ador Welding Ltd	278	629	917	127%	46%	82%
Ewac Alloys Ltd	252	346	282	37%	-19%	6%
Diffusion Engineers Limited	209	233	283	12%	21%	16%
AIA Engineering Ltd	7328	7847	13404	7%	71%	35%

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

OPBDIT margin

Players	OPBDIT (% of total income)		
	FY21	FY22	FY23
ISGEC Heavy Engineering Ltd	9%	6%	7%
Esab India Ltd	13%	14%	17%
Ador Welding Ltd	6%	9%	12%
Ewac Alloys Ltd	12%	14%	10
Diffusion Engineers Limited	14%	11%	11%
AIA Engineering Ltd	25%	22%	27%

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

EBITDA

Players	EBITDA (Rs mn)			On-year growth (FY21-FY22)	On-year growth (FY22-FY23)	CAGR growth % (FY21-FY23)
	FY21	FY22	FY23			
ISGEC Heavy Engineering Ltd	5116.1	3254.3	4673.2	-36%	44%	-4%
Esab India Ltd	939	1255.7	1944.8	34%	55%	44%
Ador Welding Ltd	287.7	649.2	942.2	126%	45%	81%
Ewac Alloys Ltd	270.4	351.9	310.4	30%	-12%	7%
Diffusion Engineers Ltd	202.1	268.0	348.0	33%	30%	31%
AIA Engineering Ltd	8184	8655	14605	6%	69%	34%

Note: Diffusion data basis financials provided by client

N.M- Not Mentionable

Source: CRISIL MI&A, company website, company filings

EBITDA- Earnings before interest, tax, depreciation, and amortization

EBITDA margin %

Players	EBITDA margin (% of total income)		
	FY21	FY22	FY23
ISGEC Heavy Engineering Ltd	9%	6%	7%
Esab India Ltd	14%	14%	18%
Ador Welding Ltd	6%	10%	12%
Ewac Alloys Ltd	13%	15%	11%
Diffusion Engineers Ltd	13%	13%	13%
AIA Engineering Ltd	28%	24%	29%

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

Profit after tax

Players	Profit after tax (Rs mn)			On-year growth (FY21- FY22)	On-year growth (FY22- FY23)	CAGR growth % (FY21- FY23)
	FY21	FY22	FY23			
ISGEC Heavy Engineering Ltd	2530	1150	2055	-55%	79%	-10%
Esab India Ltd	593	843	1357	42%	61%	51%
Ador Welding Ltd	-104	452	593	NM	31%	NM
Ewac Alloys Ltd	154	288	-71	88%	-125%	NM
Diffusion Engineers Ltd	117	170	221	46%	30%	38%
AIA Engineering Ltd	5657	6196	10565	10%	71%	37%

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

Profit after tax %

Players	PAT (% of total income)		
	FY21	FY22	FY23
ISGEC Heavy Engineering Ltd	5%	2%	3%
Esab India Ltd	9%	9%	12%

Ador Welding Ltd	-2%	7%	8%
Ewac Alloys Ltd	5%	5%	-3%
Diffusion Engineers Ltd	8%	8%	8%
AIA Engineering Ltd	19%	17%	21%

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

RoCE- %

Players	RoCE		
	FY21	FY22	FY23
ISGEC Heavy Engineering Ltd	14.5	7.8	10.6
Esab India Ltd	27.7	45.8	73.2
Ador Welding Ltd	-2	23.6	27.1
Ewac Alloys Ltd	20	38.9	-8.4
Diffusion Engineers Ltd	14.6	16.9	18.0
AIA Engineering Ltd	17.7	17.1	25.1

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

ROCE (%) = Profit before interest/ (Average tangible net worth+ Total debt+ deferred tax liability).

ROCE indicates the ability of a company's management to generate returns for both debt holders and equity holders. The higher the ratio, more efficiently is the capital being employed by the company to generate returns

Gearing ratio

Players	Gearing		
	FY21	FY22	FY23
ISGEC Heavy Engineering Ltd	0.5	0.6	0.5
Esab India Ltd	0	0	0
Ador Welding Ltd	0.1	0	0.0
Ewac Alloys Ltd	0.2	0	0.0
Diffusion Engineers Ltd	0.2	0.2	0.3
AIA Engineering Ltd	0.0	0.0	0.0

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

Gearing (times) = total debt/ Net worth

Gearing compares a company's total debt to shareholders equity

RoE-%

Players	RoE		
	FY21	FY22	FY23
ISGEC Heavy Engineering Ltd	13	5.5	9.2
Esab India Ltd	19.9	33.6	54.1
Ador Welding Ltd	-4.1	17.4	19.6
Ewac Alloys Ltd	15.2	29.4	-7.7
Diffusion Engineers Ltd	11.7	15.1	16.9
AIA Engineering Ltd	14.3	13.8	20.3

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

ROE (%) = PAT/ Average tangible net worth

ROE measures the profitability of equity funds invested in the Company

Working capital ratio

Players	Working capital ratio		
	FY21	FY22	FY23
ISGEC Heavy Engineering Ltd	1.5	1.5	1.5
Esab India Ltd	1.7	1.5	1.7
Ador Welding Ltd	1.9	1.9	2.5
Ewac Alloys Ltd	1.3	1.5	1.5
Diffusion Engineers Ltd	3.0	2.7	4.0
AIA Engineering Ltd	11.5	9.4	8.1

Note: Diffusion data basis financials provided by client

Source: CRISIL MI&A, company website, company filings

Working capital ratio – current assets/current liabilities

Key Observations.

- Among the players considered, Diffusion Engineers Ltd had the third highest CAGR of 28% for operating income between FY21-23, behind Ador welding Ltd with 32% CAGR and AIA Engineering Ltd with 31% CAGR for FY21-23.
- For profit after tax, Diffusion Engineers Ltd had the second highest CAGR of 38%, among the players considered, between fiscal 2021-23, behind Esab India Ltd with 51% CAGR.
- Among the players considered, Diffusion Engineers Ltd had the fourth highest CAGR growth of 31% for EBITDA between fiscal 2021-23.

OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read “Forward-Looking Statements” on page 26 for a discussion of the risks and uncertainties related to those statements and also “Risk Factors”, “Restated Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 37, 296 and 333, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward looking statements. Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, see “Restated Financial Statements” beginning on page 296. Unless the context otherwise requires, in this section, references to “we”, “us”, “our”, “our Company” or “the Company”, refers to Diffusion Engineers Limited. Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “Assessment of the Welding consumables, Wear plates and Heavy Engineering market in India” dated December 2023 (the “CRISIL Report”) prepared and issued by CRISIL Limited commissioned by us in connection with the Issue. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.

Overview

We are engaged in the business of providing engineering solutions to customers both in domestic and international market. Our Company has been in existence for over four decades and provides a wide range of products and services including manufacture of special welding consumables, wear plates and heavy engineering equipment for core industries and provide special and customized repairs and reconditioning services of heavy machinery and equipment. We are also involved in trading of anti-wear powders and welding and cutting machinery. We provide super conditioning process at our manufacturing facilities, a surface treatment solution for machine components that greatly improves wear resistance, eliminates stress and increases their repair ability leading to extended life of industrial parts resulting in smoother functioning and economy in production costs. We have developed a synergistic system of forward integration whereby we manufacture special purpose electrodes and flux cored wires which are utilized for manufacturing wear resistance plates (commonly known as wear plates). These wear plates then become an integral part of majority of large industrial equipment which are made in our heavy engineering division are significant contributor in manufacturing of industrial equipment used in core industries like Cement, Steel, Power, Mining, Engineering, Oil & Gas, Sugar etc. This forward integration helps in achieving efficiency in the production process and gaining competitive advantage, reduction in product costs, control over supply of raw materials and reduce our dependency on third parties for our operations.

Welding consumables market in India is estimated at around Rs 46 billion in fiscal 2023, with fiscal 2026 projections around Rs 58-60 billion. Due to the rise in demand for improved infrastructure, a lot of investment is happening in infrastructure development, such as construction of roads, bridges, ports and airports. Wear plates market in India is estimated around Rs 20 Bn in FY23 and is expected to grow at a CAGR of 8.5-9.5% to reach ~Rs 26 Bn in FY26. Wear plates are essential part of the industries such as power plants, steel mills, quarrying, cement etc, as these plates protect key components of these industry. As India continue to undergo rapid industrialization, each of these industries would grow and require wear plates to protect their equipment and machinery. The Indian heavy engineering capital goods industry is estimated to be Rs 2650-2750 billion as of FY23 and is projected to clock a CAGR of 7-8% over FY23-

26. The industry expected to reach Rs 3300-3400 billion in size by FY26. Heavy electrical engineering, earthmoving, construction and Mining Machinery, and Process Plant Equipment are the largest segments of the industry. Amongst the players considered for the industry between fiscal 2021-23, our Company recorded third highest CAGR of 28% in operating income, second highest CAGR of 38% in profit after tax and fourth highest CAGR of 31% in EBITDA. (Source: CRISIL Report)

We are focused on alloy and process development, quality and design, which has allowed us to develop products suited to our customers' requirements. We have expertise to design, develop and manufacture complex and specialised industrial equipment and components for OEM's and end user industries. Our Company, which housed a team of over 128 qualified engineers who are deployed in various departments as of November 30, 2023, along with our decades of experience in welding consumables and wear plates, enables us to develop specialized products and solutions.

We presently operate from four manufacturing units, out of which Unit I, II and III are located in Nagpur Industrial Area, Hingna, Nagpur – 440 016, Maharashtra and Unit IV is located in Khapri (Uma), Nagpur – 441 501, Maharashtra for processing and manufacturing of our products. Our manufacturing Units are strategically located in the central part of the country with availability of all modes of transportation and facilitates convenient transportation of our products, sourcing of raw materials and easy access to customers.

Our registered office is located at T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra. We have also overseas presence through our Subsidiaries in Singapore and Philippines, and Joint Ventures/ Associates in United Kingdom and Malaysia.

We invest in R&D activities to create a differentiating factor and sustainability in our welding consumables products vis-à-vis our competitors and our clients specific requirements. We have a dedicated DSIR-approved R&D facility situated at Unit I which is equipped with laboratory infrastructure for various developmental activities which includes process, finished products and other raw materials. We have a certificate of Accreditation by National Accreditation Board for Testing and Calibration Laboratories - ISO/IEC 17025:2017 for General Requirements for the Competence of Testing & Calibration Laboratories. We undertake multiple stringent quality checks and have Environment Management System (EMS) certification by TÜV SÜD South Asia Private Limited, Quality Management System (QMS)-ISO 9001:2015, Occupational Health and Safety Management systems – ISO 45001:2018 and Environment Management System – ISO 14001:2015.

We manufacture special purpose welding electrodes at Unit I; flux cored wires, wear plates and wear parts at Unit II; coatings for abrasion and corrosion resistances at Unit III; and flux cored wires, wear plates and heavy engineering machinery at our Unit IV. Our Units are supported by infrastructure for storage of raw materials, manufacturing of our products, storage of finished goods, together with quality control measures.

Our Company was incorporated in the year 1982. We initially started trading in welding electrodes for Super-conditioning. From the year 1993, we started manufacturing welding electrodes. In the year 1994, we acquired our Unit I for manufacturing welding electrodes. Subsequently, we acquired Unit II as a dedicated unit for manufacturing wear plates and flux cored wires. In the year 2015, we acquired our Unit III for manufacturing coatings for abrasion and corrosion resistances and set up Unit IV for manufacturing heavy engineering equipment. Subsequently, we have also started production of flux cored wires and wear plates from Unit IV for which we have made an application on December 11, 2023 with MPCB.

Prashant Garg, our Promoter and Managing Director, has been instrumental in steering our Company towards forward integration from manufacturing welding consumables to heavy engineering equipment and adding new product lines to our business. He has paved the way for the concept of total wear solutions.

We intend to expand our portfolio of welding consumables by manufacturing of powders for corrosion and abrasion resistance to be used in welding applications into our product line. For further information, see “Strategies – Our business” on pages 242, respectively.

The following table sets forth a breakdown of our revenue from operations from Domestic and International market, in absolute terms and as a percentage of total revenue from operations, for the periods indicated basis the location of the customers:

(₹ in Million, except percentages)

Particulars	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
Domestic market	598.26	90.85 %	2,190.69	85.95%	1,884.15	92.09 %	1,364.45	87.88 %
International market	60.28	9.15%	358.07	14.05%	161.74	7.91%	188.18	12.12 %
Total	658.54	100.00 %	2,548.76	100.00%	2,045.89	100.00 %	1,552.63	100.00 %

The table below sets forth certain key operational and financial metrics for the periods indicated:

(₹ in Million, except percentages)

Particulars	For three-month period ended June 30, 2023	Fiscal		
		2023	2022	2021
Financial KPIs				
Revenue from operations	658.46	2,548.76	2,045.89	1,552.63
EBITDA	106.40	347.97	275.22	227.00
EBITDA margin	16.16%	13.65%	13.45%	14.62%
Restated profit for the year	62.55	221.45	170.46	116.63
Restated profit for the year as % of Revenue (PAT margin)	9.50%	8.69%	8.33%	7.51%
Average Capital employed	1,888.31	1,676.66	1,350.28	1,850.50
ROCE (%)	4.97%	18.86%	17.30%	11.18%
ROE (%)	4.31%	16.84%	15.10%	11.64%
Debt-to-Equity ratio	0.27	0.34	0.20	0.19
Operational KPIs				
Revenue per sales person	3.29	13.54	10.11	7.68
Revenue per order of Wear Parts and Job Work	0.22	0.26	0.20	0.13

Revenue per order of Heavy Engineering Division	0.74	0.65	0.81	0.79

Business Operations

Diffusion Engineers Limited			
Welding and Anti-Wear Consumables	Wear Plate / Wear Parts	Heavy Engineering Equipment	Trading
• Special purpose electrodes • Flux cored wires • Cold Repair Compounds	• Wear Plates • Wear Parts • Welding Service – Job work	• Air Separator • High Pressure Grinding Rollers • FD fan • Mill body • RAPH Rotter	• Thermal Spray Powder • Welding Equipment

For further details please see “Our Products” below on page no. 165 of this DRHP

Portfolio

The portfolio of our products and services can be classified into welding and Anti-wear consumables, wear plates / wear parts, heavy engineering equipment and trading.

The table given below sets out the sales turnover of our product categories for the periods indicated below:

Product Category	For the Period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	(₹ in Million)	%	(₹ in Million)	%	(₹ in Million)	%	(₹ in Million)	%
Welding and Anti-wear Consumables	215.77	32.77	978.70	38.40	721.94	35.29	607.07	39.10
Wear plate / Wear parts	191.38	29.06	756.14	29.67	544.17	26.60	396.67	25.55
Heavy Engineering Equipment	164.91	25.04	531.34	20.85	550.11	26.89	423.68	27.29
Trading	40.18	6.10	174.55	6.85	141.36	6.91	95.77	6.17
Revenue from Subsidiaries	46.23	7.02	108.02	4.24	88.31	4.32	29.55	1.90
Total	658.46	100.00	2548.76	100.00	2045.89	100.00	1552.63	100.00

Our Products

A. Welding and Anti-wear Consumables

i. Special Purpose Electrodes

A welding electrode is a wire or rod built of metal or alloy and has a flux or without a flux and carries an electric current to obtain sufficient heat for welding. The rod is used to sustain the welding arc and to provide the filler metal required for the joint to be welded. The coating protects the metal from damage, stabilizes the arc, and improves the welding. Welding electrodes can be classified into non-consumable electrodes and consumable electrodes.

A special purpose electrode is specially formulated maintenance purpose welding electrodes that ensure the enhancement of working performance with minimum heat input. We manufacture a range of electrodes using alloys such as tungsten, nickel, chromium, cobalt, molybdenum, niobium, vanadium, etc. Our special purpose electrodes business on standalone basis accounted for ₹161.77 million, ₹529.53 million, ₹371.82 million and ₹297.64 million representing 26.42%, 21.70%, 18.99% and 19.54% respectively of our total revenue for the Period ended June 30, 2023, for the Fiscals 2023, 2022 and 2021.



Flux Cored Wire

Flux-cored wire is a type of welding consumable used in various welding processes. It is a tubular wire filled with flux material, and it can be used with both shielded metal arc welding and gas metal arc welding processes. The flux inside the wire serves multiple purposes during the welding process.

The flux inside the wire is a mixture of various compounds, including minerals, metal powders, and chemical agents. The composition of the flux is designed to provide specific benefits, such as shielding the molten weld pool from atmospheric contamination, stabilizing the arc, and facilitating the removal of impurities from the weld metal.

Flux-cored welding is often chosen for its ability to achieve higher welding speeds compared to some other processes. The combination of the continuous wire feed and the flux's ability to protect the weld pool allows

for efficient and rapid welding. Flux-cored welding is commonly used in industries such as Cement, Steel, Power, Sugar, Mining, construction, shipbuilding, pipeline welding, and structural fabrication etc. It is suitable for both semi-automatic and automatic welding applications.

Our flux cored wire business on standalone basis accounted for ₹44.2 million, ₹407.85 million, ₹302.92 million and ₹255.23 million representing 7.22%, 16.71%, 15.47% and 16.76%, respectively of our total revenue for the Period ended June 30, 2023, for the Fiscal 2023, 2022 and 2021.



FLUX CORED WIRE



FLUX CORED WIRE MACHINE

ii. Cold Repair Compounds

We manufacture cold repair compounds based on polymer chemistry and ceramic composites that withstand against high wear and tear. These products are used for maintenance coatings, anti-corrosive coating, electrical insulation coating, structural coatings and floor coatings.

Our cold repair compound business on standalone basis accounted for ₹9.8 million, ₹41.33 million, ₹47.20 million and ₹54.20 million representing 1.60%, 1.69%, 2.41% and 3.56%, respectively of our total revenue for the Period ended June 30, 2023, for the Fiscals 2023, 2022 and 2021.



ANTI CORROSIVE COATING RANGE



ANTI CORROSION COATING JOB

B. Wear Plates/Wear Parts

i. Wear Plates

Wear plates which are also known as abrasion-resistant plates, are used to reduce wear and tear on equipment surface caused by harsh working environment prevalent in industries. These wear plates are used to protect assets against abrasion, impact, corrosion, high temperature wear, etc. Since we are backward integrated to manufacture flux cored wires, we can produce a variety of wear plates according to the severity of the application and have significant control on cost.

These wear plates are used across various industries and find its application where abrasion, wear, tear and impact requirements are particularly critical. We offer a wide range of wear plates manufactured by open arc welding process using flux-cored wire. This is an open arc process which ensures optimum penetration and very low dilution. In this process uniform higher hardness and wear resistance properties are achieved.

Our wear plates business on standalone basis accounted for ₹80.12 million, ₹305.12 million, ₹182.96 million and ₹116.63 million representing 13.09%, 12.50%, 9.35% and 7.66%, respectively of our total revenue for the Period ended June 30, 2023, for the Fiscals 2023, 2022 and 2021.



ii. Wear Parts

There is growth in the market for ready to fit wear parts for quality, cost and delivery. We manufacture wear parts using wear plates, forgings and castings hard-faced using our consumables, We engineer these parts to provide maximum wear resistance, ease of assembly, reduction of replacement time with the aim to increase equipment availability and reduce downtime. These are critical components of all big machineries

used in cement, steel, power plant industry etc. We have manufactured several wear parts including Grizzly Bars, Coal Nozzle Tip, Wear Liners, Chutes & Ducts, Hard Face Pipe, Guide Vanes, Sinter Spikes, Sinter Screen Decks, Screw Conveyors, Grit Cone, Bell Housing, Rotor Bearing and Separator Casing and Rotor. We have self sufficient manufacturing facility where we can manufacture wear parts using wear plates and hard-facing consumables.

Our wear parts business on standalone basis accounted for ₹81.55million, ₹288.24 million, ₹210.67 million and ₹169.96 million representing 13.32%, 11.81%, 10.76% and 11.16%, respectively of our total revenue for the Period ended June 30, 2023, for the Fiscal 2023, 2022 and 2021.



FABRICATED BIG BELL

iii. Welding service –job work

In our welding service and job work business, we specialize in enhancing the lifespan, reducing life cycle costs, and addressing the demand for spare parts in heavy machinery used by prominent core industries, including cement, power, and steel. Our comprehensive welding services involve meticulous maintenance work performed at our facility and involves, including but not limited to wear prognosis, joining of any broken machine part, protective coating and rebuilding of worn-out components using wear resistant alloys. Customers entrust us with their heavy machinery, which we inspect, repair, and upgrade as needed to optimize performance and durability. Our team employs advanced welding techniques to ensure quality workmanship. Upon completion of the job work and maintenance services, we transport the machinery back to our customers, contributing to the seamless operation and prolonged efficiency of their critical industrial equipment. Additionally, we also extend our services beyond our premises, dispatching our skilled and experienced technicians to our client's facilities for on-site heavy machinery maintenance and other job works.

Our welding service– job work business on standalone basis accounted for ₹29.71 million, ₹162.78 million, ₹150.54 million and ₹110.07 million representing 4.85%, 6.67%, 7.69% and 7.23%, respectively of our total revenue for the Period ended June 30, 2023, for the Fiscals 2023, 2022 and 2021.



Roller Press Roll - Worn out



Roller Press Roll - Refurbished



Roller Press Roll - Newly Manufactured

C. Heavy Engineering Equipment

We are into manufacturing and fabrication of heavy engineering equipment used in cement, steel, power, sugar, engineering sectors and other core industries. We manufacture and fabricate heavy engineering equipment at our dedicated unit situated at Khapri (Uma), Nagpur – 441 501, Maharashtra (Unit IV).

Our manufacturing facility is well equipped with machine tools to handle large industrial equipment. Below are the details of few of our machineries to undertake these heavy engineering jobs.

Machinery	Specification
Double Boom Crane	50/15 MT
Vertical Lathe Machine	Diameter – 1, 4, 3.5meters Height – 7, 2.8, 6.3 meters
Double Girder Crane	25 MT and 10 MT
Wear Plate System with Zig-Zag and Straight Welding	6 torch, 4 torch and 3 torch
Conventional V-Belt Lathe Machine	Length – 10, 7 meters Diameter – 1.8, 1.5 meters
Hydraulic Plate Bending Machine	Width – 3, 2.5 meters Thickness – 80 and 20 millimeters
Profile Bending Machine	Width – 150 millimeters Thickness – 50 millimeters
Hydraulic Press machines	350 ton and 250 ton
Rotator	60 Ton
CNC machine (3 /12 bed)	Width – 3 meters Thickness – 150 millimeters

In the past we have manufactured heavy engineering equipment having approximate specifications such as:

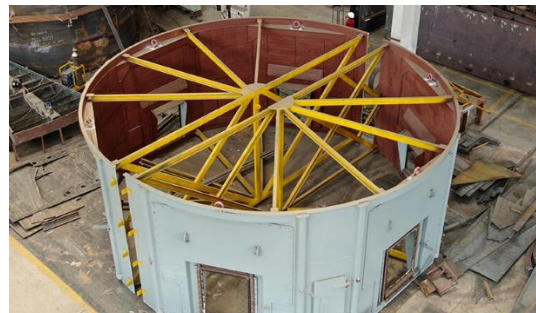
- 200 tons Air Separator used in raw mill of Cement Plants
- 65 MT FD Fan for Power Plant with height 9 meters and length 20 meters
- 70 MT Mill body for Cement Plants
- 50 MT High Pressure Grinding Rollers for Cement Plants
- 350 MT RAPH Rotter for Power Plant

Our heavy engineering equipment business on standalone basis accounted for ₹164.91 million, ₹531.34 million, ₹550.11million and ₹423.68million representing 26.94%, 21.77%, 28.10% and 27.82%, respectively of our total revenue for the Period ended June 30, 2023, for the Fiscals 2023, 2022 and 2021.

Given below are details of some of the notable work undertaken by us in the past.



TYPE OF JOB - Tri-Sector Plate Assembly
Industry – Power Plant
HEIGHT AND Width – 2.5 M Height and 16 Meter length, 4 meter width in dismantled condition
WEIGHT - 60 MT approx



TYPE OF JOB - Mill Housing
Industry – Cement Plant
HEIGHT AND Width – 4.5 meter Height and 10 meter Diameter approx.
WEIGHT - 25 Mt- approx



TYPE OF JOB - Sinter Breaker Shaft
Industry – Steel Plant
HEIGHT AND Width –2 Meter Height and 2 Meter by 12 Meter width
WEIGHT - 40 MT approx



TYPE OF JOB - Separator Rotor
Industry – Cement Plant
HEIGHT AND Width –4.5 Meter and 6 Meter Diameter
WEIGHT - 15 MT approx



TYPE OF JOB - Air Pre Heater
Industry – Power Plant
Height And Width –2.8 Meter and 16 Meter
WEIGHT - 140 Mt approx. in assembled condition



TYPE OF JOB - FGD Fans Statics Industry – Power Plant
HEIGHT AND Width –9.5 Meter and width 7 meter approx. & length 20 meter approx. in assembled condition
WEIGHT - 65 MT approx. in assembled condition

D. Trading

i. Thermal Spray Powder

We offer a wide range of atomized powders for surface coating applications, available in nickel, cobalt, and iron-based alloys. Our commitment to meeting specific customer requirements is exemplified through the development of specialized alloys. To achieve this, we have partnered with other shareholders and formed our Joint Venture, LSN Diffusion Limited (LSN) in the United Kingdom which operates out of a facility dedicated to manufacture thermal spray powders. We source these thermal spray powders from LSN for selling in the domestic market. These powders find applications across a diverse spectrum of industries, including surface engineering, high-temperature brazing, and protection against wear, as well as in heat and corrosion-prone parts.

Our trading of thermal spray powder business on standalone basis accounted for ₹26.69 million, ₹91.57 million, ₹43.55million and ₹47.23million representing 4.36%, 3.75%, 2.22% and 3.10%, respectively of our total revenue for the Period ended June 30, 2023, for the Fiscals 2023, 2022 and 2021.

ii. *Welding Equipment*

We provide a comprehensive range of welding solutions, including welding machines, protective gear, and various welding essentials. To ensure quality, all our equipment undergoes basic on-site testing before reaching to our customers. We get these product contract manufactured according to our specifications. This approach allows us to offer high-quality welding solutions, leveraging the experience and scale of manufacturers while ensuring our customers receive reliable and thoroughly tested equipment.

Our trading of welding equipment business on standalone basis accounted for ₹13.49 million, ₹82.98 million, ₹97.80million and ₹48.54million representing 2.20%, 3.40%, 5.00% and 3.19%, respectively of our total revenue for the Period ended June 30, 2023, for the Fiscals 2023, 2022 and 2021.



Welding Machines

Competitive Strengths

- **Synergistic business models focused on forward integration**

In 1993 we started manufacturing special purpose welding electrodes, gradually we started manufacturing flux cored wire in the year 1997. Originating as a manufacturer of special purpose welding electrodes and subsequently flux-cored wires, our journey has been of continuous evolution and strategic growth. Subsequently, we also started manufacturing wear plates and wear parts using flux cored wire. These wear plates are further being utilized for manufacturing of wear parts and heavy engineering equipment. Recognizing the integral role our products played in the maintenance processes and manufacturing of diverse heavy equipment, we embarked on a path of forward integration from the year 2016. Over the years, we have expanded our capabilities to offer not only quality welding consumables but also offering comprehensive welding services for core industries including manufacturing of wear plate, wear parts and heavy equipment.

This forward integration has allowed us to seamlessly transition from providing maintenance welding consumables to taking on the responsibility of manufacturing the entire equipment/machinery. By doing so, we have not only strengthened our position as a trusted supplier but have become an end-to-end solution

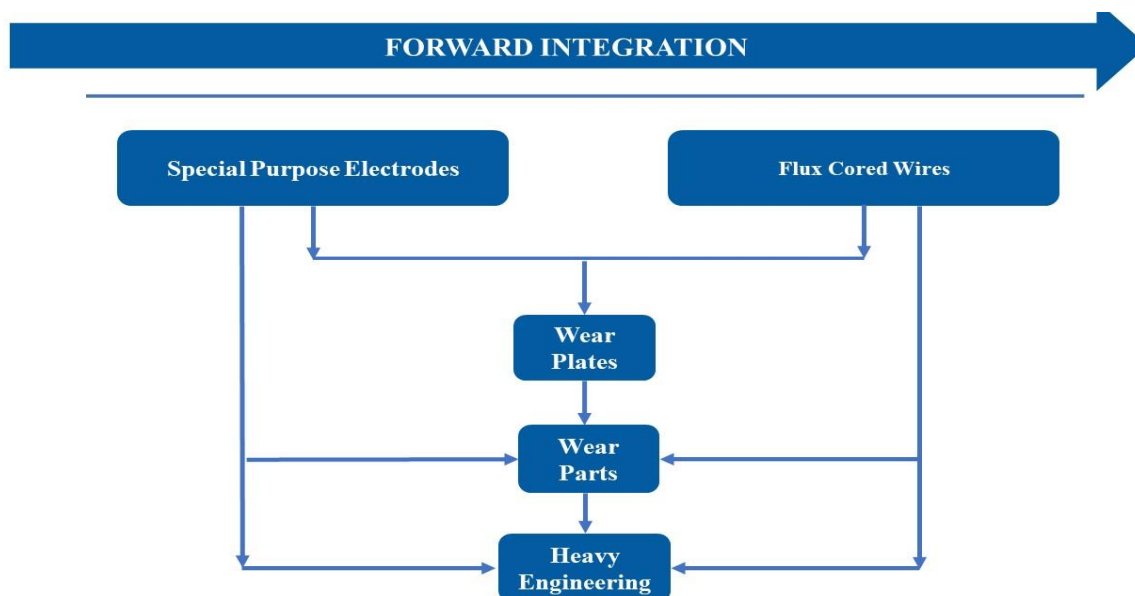
provider for our clients in various industries. Our commitment in manufacturing and welding services ensures that our clients receive a comprehensive and streamlined approach to meet their welding and anti-wear needs, ultimately contributing to the longevity and optimal performance of their heavy equipment.

As a result, from being a manufacturer of welding consumables, our wear plates, wear parts and heavy engineering business on standalone basis contributes in aggregate 93.44%, 92.85%, 92.78% and 93.71% for the period ended June 30, 2023, for the fiscal 2023, 2022 and 2021.

Further, the manufactured special purpose electrodes and flux cored wire are consumed in-house as well as sold to our customers (domestic and international) ensuring economies of scale and minimal wastage. Below is the summary of captive consumption for special purpose electrodes and flux cored wire on standalone basis:

Products and Captive Consumption	For the period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Special Purpose Electrodes production (in MT)	204.35	674.96	729.84	669.85
Special Purpose Electrodes captively consumed (in MT)	35.08	198.60	199.53	295.45
% production of Special Purpose Electrodes captively consumed (in MT)	17%	29%	27%	44%
Flux Cored Wire production (in MT)	435.81	1,519.67	1,328.51	956.35
Flux Cored Wire captively consumed (in MT)	359.07	1,243.21	1,057.15	689.43
% production of Flux Cored Wire captively consumed (in MT)	82%	82%	80%	72%

This forward integration helps in achieving efficiency in the production process and gaining competitive advantage, reduction in product costs, control over supply of raw materials and reduce our dependency on third parties for our operations.



- **Serving industry major players directly as well as through OEMs**

We serve diverse clientele, which includes both OEMs who service major players in the cement, steel, and power sectors, as well as direct customers. Over the years, we have forged strategic partnerships with service providers OEM's which is renewed from time to time. These OEMs, in turn, service major players the of their respective industry. This intricate network positions us as a vital link in the OEM ecosystem of some of the significant players in core industries.

In addition to our relationships with OEM customers, we also directly engage with in these core sectors. This direct interaction with established customers in cement, steel, and power industries underscores our capability to serve and meet the distinctive needs of prominent players in these industries. It serves as a testament to our expertise, reliability, and capacity to provide tailored solutions that align with the stringent requirements of these industry major players.

Below is the bifurcation of our business between OEM customers and direct customers on standalone basis:

Particulars	For the period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Number of OEM customers	23	27	21	24
Revenue generated from OEM customers (₹ in million)	139.08	715.53	653.91	470.73
% contribution in our revenue from OEM customers	23%	29%	33%	31%
Number of direct customers	259	473	423	407
Revenue generated from direct customers	473.15	1,725.21	1,303.66	1,052.45
% contribution in our revenue from direct customers	77%	71%	67%	69%

- **Long-standing relationships with customers across industries**

We have, through over 4 decades of business operations, established long-standing relationships with several Indian and global customers across industries. We have a diversified customer base and we have served 282, 500, 444 and 431 customers for the period ended June 30, 2023, for Fiscal 2023, 2022 and 2021, respectively. We believe our focus on quality, providing customized solutions to our customers and timely delivery of our product offerings have helped us establish and maintain long term relationships with our customers.

We have been able to retain our existing customers and attract new customers. The table below sets forth below our revenue from customers, segregated on the basis of the years of relationship with such customers:

Period of Customer Relationship	For the period ended June 30, 2023			Fiscal 2023			Fiscal 2022			Fiscal 2021		
	Number of Customers as of	Revenue from such Customer	% of Revenue from	Number of Customers as of	Revenue from such Customer	% of Revenue from	Number of Customers as of	Revenue from such Customer	% of Revenue from	Number of Customers as of	Revenue from such Customer	% of Revenue from

	June 30, 2023	s (₹ million)	Sale of Products	March 31, 2023	s (₹ million)	Sale of Products	March 31, 2022	s (₹ million)	Sale of Products	March 31, 2021	s (₹ million)	Sale of Products
More than 10 years	110	270.98	45.00 %	168	1,197.02	49.50 %	176	1,030.31	53.00 %	179	878.69	110
More than five years but less than 10 years	43	47.85	8.00 %	82	254.18	10.50 %	58	129.40	7.00 %	38	109.00	43
Five years and less	129	293.41	47.00 %	250	989.54	40.00 %	210	797.87	40.00 %	214	535.49	129

Further, our diversification of revenue across multiple customers allows us to minimize any adverse impact from customer specific challenges. We believe that our enduring customer relationships serve as a testament to our commitment to quality, as well as our manufacturing capabilities. Our enduring relationships with customers enables us to understand their diverse requirements, including the development of new products.

The table below sets forth the breakdown of our revenue from operations across our top ten customers, as a percentage of our total revenue from operations on restated standalone financial statement for the three months period ended June 30, 2023 and Fiscal 2023, Fiscal 2022 and Fiscal 2021.

Products	For the period ended June 30, 2023		Fiscals					
			2023		2022		2021	
	Amount (₹ in millions)	%	Amount (₹ in millions)	%	Amount (₹ in millions)	%	Amount (₹ in millions)	%
Customer 1	42.70	6.97%	125.21	5.13%	163.04	8.33%	145.44	9.55%
Customer 2	37.04	6.05%	106.04	4.34%	85.05	4.34%	124.59	8.18%
Customer 3	28.67	4.68%	104.39	4.28%	84.59	4.32%	98.82	6.49%
Customer 4	22.37	3.65%	94.53	3.87%	64.88	3.31%	36.80	2.42%
Customer 5	18.65	3.05%	64.21	2.63%	61.53	3.14%	31.00	2.04%
Customer 6	18.02	2.94%	56.24	2.30%	58.59	2.99%	21.21	1.39%
Customer 7	14.44	2.36%	53.00	2.17%	36.90	1.88%	20.83	1.37%
Customer 8	14.08	2.30%	51.07	2.09%	33.87	1.73%	19.30	1.27%
Customer 9	13.63	2.23%	50.59	2.07%	32.50	1.66%	13.66	0.90%
Customer 10	12.04	1.97%	50.08	2.05%	30.41	1.55%	13.03	0.86%
Total	221.64	36.20%	755.36	30.93%	651.36	33.25%	524.68	34.47%

- **Consistent financial performance**

Over the years, our Company on standalone basis has grown from a single product to multi-product manufacturing company. We have demonstrated consistent growth in terms of revenues and profitability. Our revenue from operations has grown from ₹878.37 million in Fiscal 2013 to ₹2,440.74 million in Fiscal 2023, registering a CAGR of 12.03 % in last 10 years. Our PAT has grown from ₹66.68 million in Fiscal 2013 to ₹ 168.31 million in Fiscal 2023, registering a CAGR of 9.70% in last ten years. Further, amongst the players considered for the industry between fiscal 2021-23, our Company recorded third highest CAGR of 28% in operating income, second highest CAGR of 38% in profit after tax and fourth highest CAGR of 31% in EBITDA. (Source: CRISIL Report) This growth can be linked but not limited to forward integration, customer retention and increase in product portfolio. Increased acceptance of newer product categories due to improved designs and efficient pricing has further established the reputation. We believe that we have been able to maintain our consistent financial growth, due to efficient business model over the years. We strive to maintain a robust financial position with emphasis on having a strong balance sheet and cash flows. Our balance sheet and cash flows enables us to fund our strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations.

- **Experienced promoters and strong management team**

Prashant Garg, Promoter and Managing Director of our Company and a second-generation entrepreneur has been associated with our Company since 2003. He has a rich experience of nearly two decades in the industry we operate. Our Company has grown rapidly over the last few years primarily due to the vision, commitment and dynamism demonstrated by our promoter and he continues to be the driving force for our Company.

In addition to our Promoter, our key management and senior management team includes qualified, experienced and skilled professionals who possess requisite experience across various division of our business. We believe the stability of our management team and the industry experience brought on by our Promoter enable us to continue to take advantage of future market opportunities. We believe that our senior management team is well qualified to leverage our market position with their collective experience and knowledge in our industry, to execute our business strategies and drive our future growth. For further details relating to our Key Managerial Personnel and Senior Management Personnel, see “Our Management –Key Managerial Personnel and Senior Management Personnel” on page 283.

- **Strategically located manufacturing facilities**

Our business operations in Nagpur, Maharashtra, boast a strategic location at the heart of the country, providing significant advantages for our business operations. Being centrally positioned in the country's geographical landscape, our manufacturing units enjoy proximity to industries spanning various sectors. Our central location ensures easy access to industries across the entire country. This accessibility facilitates streamlined logistics operations contributing to the procurement and timely delivery by us to our customers. The strategic positioning of our manufacturing units allows us to cater to customers nationwide. We can efficiently serve diverse industries and segments, reaching both urban and remote areas with equal effectiveness. Being located in the central part of the country helps minimize transit times for shipments. This not only enhances our operational efficiency but also supports prompt responses to customer demands. The central location contributes to cost-effective logistics, as transportation costs are optimized due to the reduced distances to various regions. This efficiency positively impacts our overall cost structure.

Strategies

- ***Strategic expansion by venturing into nickel, cobalt and iron-based powder manufacturing for enhanced welding consumables portfolio***

In a strategic move to diversify and enhance our portfolio of welding consumables, we intend to enter into manufacturing of nickel, cobalt and iron-based Powder. This expansion is driven by the growing demand for these powders within our customer base and the industry at large. Currently, we source thermal spray powders from LSN Diffusion Ltd. (UK) and transitioning to in-house manufacturing has benefits the following:

- Increased Profit Margin: Manufacturing in-house allows for greater control over costs, leading to an increased profit margin.
- Make In India – To get preference of make in India initiative.
- Logistical Cost Saving: Eliminating dependence on external suppliers reduces logistical costs, contributing to overall cost efficiency.
- Competitive Pricing: Direct manufacturing enables us to offer competitive pricing to our customers, enhancing our market competitiveness.
- Reduction in reliance in foreign exchange: Currently in India, almost all these powders are imported and therefore, having local manufacturing will greatly reduce foreign exchange spends and the uncertainty related to it.
- Economies of Scale: In-house production allows us to benefit from economies of scale, driving down the per-unit cost of production.
- Faster Order Delivery: With manufacturing facility in place, we can expedite order fulfillment, providing quicker delivery time to our customers.

Confident in our ability to establish a successful manufacturing facility, we leverage our existing experience in trading of these powders. This familiarity with market conditions, customer demand, pricing dynamics, and supply chain intricacies positions us for a seamless transition into manufacturing.

To facilitate this endeavor, we intend to enter into a technical collaboration agreement with our associate, LSN, for the transfer of technology integral to the manufacturing process. By initiating the manufacturing of these powders, we aim to establish this as a dedicated business segment. This strategic move not only strengthens relationships with our current customer network but also opens avenues to onboard new customers from untapped regions.

These powders are used for surface coating applications, come in three categories - nickel, cobalt, and iron-based alloys. Manufactured through inert gas and water atomization, these powders find applications in surface engineering, high-temperature brazing, wear protection, and defence against heat and corrosion.

The transformative technology of thermal spraying improves or restores solid material surfaces, offering resistance to wear, erosion, cavitation, corrosion, abrasion, or heat. Our focus lies in manufacturing cobalt and nickel-based alloy powders in our Unit IV. These powders, applicable in various surfacing techniques, enhance wear resistance, especially in high-heat and oxidizing environments. Nickel-based alloy powders contribute to improved resistance against heat, wear, and corrosion, thereby enhancing the performance and lifespan of applications.

This strategic move aligns with our commitment to innovation and customer satisfaction.

- **Expanding our geographical reach**

Currently we are having subsidiaries in Singapore and Philippines which are contributing towards the growth of our Company. Further, we also have presence in United Kingdom and Malaysia based companies through our investments. In the last three fiscal years, we have export to more than 25 countries. Below is the region wise bifurcation of our exports on standalone basis:

Region	For the period ended June 30, 2023		Fiscals					
			2023		2022		2021	
	Amount (₹ in millions)	% of total revenue from operations	Amount (₹ in millions)	% of total revenue from operations	Amount (₹ in millions)	% of total revenue from operations	Amount (₹ in millions)	% of total revenue from operations
Africa	8.65	1.41	87.52	3.62	54.17	2.79	69.23	4.60
APAC	27.59	4.51	109.50	4.53	59.60	3.07	65.65	4.36
Asia	3.74	0.61	25.51	1.06	27.30	1.41	26.71	1.78
Australia	-	-	-	-	-	-	0.01	0.00
Europe	-	-	22.47	0.93	4.87	0.25	4.24	0.28
Middle east	8.41	1.37	28.68	1.19	15.80	0.81	21.84	1.45
USA	-	-	20.66	0.85	-	-	0.49	0.03
Total	48.39	7.90	294.34	12.18	161.74	8.33	188.18	12.51

As per CRISIL Report, the global welding consumables market was estimated at ~\$15.7 billion in calendar year (CY) 2022 and is projected to grow to ~\$18.5-19.5 billion in CY 26, at a CAGR of ~5 %. The global wear plates market is estimated around \$3.4 billion for calendar 2022, with calendar 2026 projections around \$4.2 billion at ~5-6% CAGR. With a view to further expanding our customer base and increase our market share in our existing geographies and explore new geographies, we now intend to augment our sales in these markets. Having a wider product portfolio and an established brand presence in existing products and services it provides confidence to new customers to engage with our Company. We intend to focus our efforts in the select geographies such as Turkey, Indonesia and establish a greater presence there. Our growth strategy in these markets will be to create a presence, connect and expertise with required development capabilities to exploit growth potential offered by these markets. Our focus will remain on acquiring new customers, retaining existing customers and offering quality products and services.

- **Strategic Leasing and Maintenance Business Model for Heavy Equipment**

India's heavy engineering capital goods industry is estimated to be Rs 2,650-2,750 billion as of fiscal 2023 and is projected to clock a CAGR of 7-8% over fiscals 2023-26 to reach Rs 3,300-3,400 billion. Heavy electrical engineering, earthmoving, construction and mining machinery, and process plant equipment are the largest segments. The industry is expected to continue to expand on the back of rising manufacturing and construction activities. (Source: CRISIL Report) In light of the substantial costs associated with acquiring heavy equipment crucial for the cement, steel, power and other sectors, we have devised a business model aimed at alleviating the financial strain on our customers. As manufacturers of these specialized heavy equipment, we present a comprehensive leasing and maintenance solution to optimize our customers operational efficiency and financial flexibility. Leveraging our expertise in heavy equipment

manufacturing, we ensure the production of machinery tailored for the unique needs of the cement, steel, power and other industries.

We offer a strategic leasing program where customers can access our high-quality heavy equipment without the substantial upfront costs associated with outright purchase at end of the tenure. This model allows our customers to deploy machinery while conserving valuable capital. Our commitment extends beyond leasing; we assume responsibility for the maintenance and upkeep of the leased heavy equipment. A team of skilled technicians ensures optimal performance, minimizing downtime for our customers. Customers can sidestep the financial burden of heavy equipment ownership, keeping these assets off their balance sheets. This approach enhances financial flexibility and allows for strategic resource allocation.

Leasing provides customers with notable tax benefits, as they can claim depreciation on the leased equipment without the complexities and costs associated with ownership. Leasing and maintenance fees are pre-determined, providing customers with a predictable and manageable financial outlay. This transparency aids in budgeting and financial planning.

Our customers benefit from access to the latest technological advancements without the substantial upfront investment, ensuring they remain at the forefront of their industries. Our comprehensive maintenance services free customers from the operational burden of equipment upkeep, enabling them to focus on their core business activities. Recognizing the diverse needs of our customers, we offer flexible leasing terms, ensuring a customized arrangement that aligns with their operational cycles and strategic goals. In essence, our leasing and maintenance business model offers our customers a pathway to access heavy equipment without the traditional financial constraints.

- **Diversifying our Anti Wear Solutions and Heavy Engineering Equipment business into new industries**

In light of the universal need for wear and tear solutions in heavy machinery across diverse industries, we are strategically expanding our business horizon beyond our current focus on cement, steel, and power sectors. The primary objectives include tapping into sectors such as defense and mining, where heavy equipment plays a critical role, and simultaneously broadening our product portfolio within the realm of heavy engineering equipment and its wear and tear solutions. As per CRISIL Report, defence production in India totalled Rs 948 billion in fiscal 2022, up at a CAGR 5.1% over fiscals 2017-22. It is expected to grow at 11.5-12.5% over fiscals 2022-27 to Rs 1,630-1,690 billion.

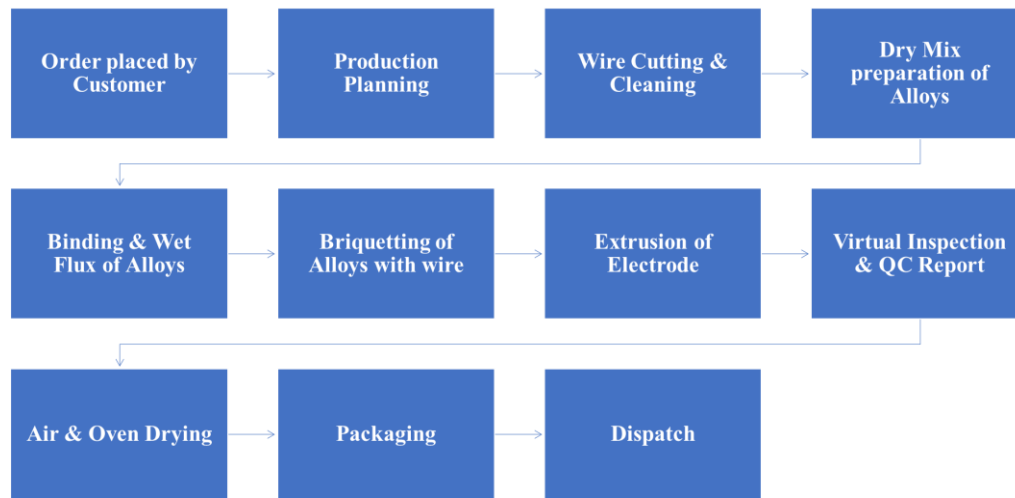
Recognizing the substantial demand for wear-resistant solutions, we are strategically entering defense and mining sectors, characterized by the extensive use of heavy equipment. The defense sector offers a unique challenge with a variety of heavy equipment, each requiring specialized wear solutions. In parallel, the mining industry, known for its abrasive conditions, aligns seamlessly with our expertise, providing an ideal platform for market expansion.

Our overarching strategy involves expanding our product portfolio in heavy engineering equipment and wear and tear solutions. This expansion includes the development of a diverse range of specialized products beyond wear-resistant solutions, catering to the nuanced needs of heavy industries.

Fostering a culture of innovation, we aim to provide customized solutions that address the evolving demands of heavy engineering equipment. This includes staying at the forefront of technological advancements and tailoring our offerings to meet sector-specific requirements.

Key Business Process

1. *Special purpose electrode*



Order placed by customers: The electrode production process commences with the receiving orders from customers. These orders contain specific requirements, such as quantity and delivery timeline. The marketing department transfer the order to the production department for further processing.

Production Planning: Upon receiving the order, the production department generates a comprehensive work order. This work order includes all the essential information, such as electrode specifications, raw material requirements, production timelines, and personnel assignments. The production planning team collaborates with various departments to ensure that resources are optimized, production schedules are feasible, and deadlines are realistic.

Wire Cutting & Cleaning: The first step in the actual production process involves cutting the raw electrode wire to the required lengths. This step requires precision to maintain uniformity in the electrode dimensions. After cutting, the wires undergo a thorough cleaning process to eliminate any impurities or contaminants that may compromise the quality of the final product.

Dry Mix Preparation of Alloys: The dry mix preparation is a critical stage where various raw materials precisely blended in predetermined proportions. This dry mix is then finely ground to ensure a homogeneous composition, which significantly influences the electrode's performance and characteristics.

Binding & Wet Flux of Alloys: The dry mix is combined with a suitable binder. The binder acts as a bonding agent, ensuring cohesion during subsequent manufacturing steps.

Briquetting of Alloys with wire: Briquetting process involves pressing wet flux on the cut wires to produce electrodes.

Extrusion of Electrode: Using an extrusion machine, the wet mix is extruded around the electrode wires to form the desired electrode profile. This extrusion step is critical to achieving the precise dimensions and structural integrity of the electrode.

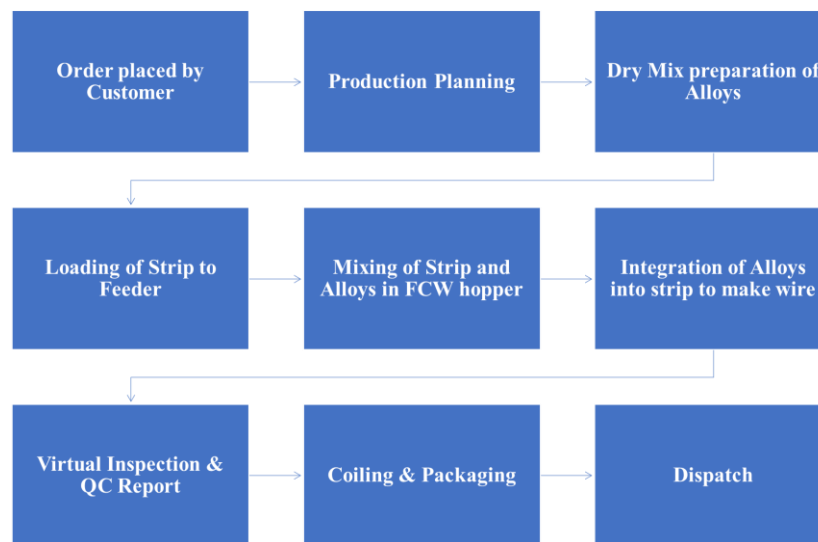
Virtual Inspection & Quality Control: Virtual inspection helps to detect any visible defects or irregularities in the electrodes in the production process, allowing corrective actions to be taken promptly and reducing waste. A random sample from the batch undergoes rigorous testing to verify compliance with specified standards. Quality Control personnel meticulously check for dimensions, mechanical properties, and other performance-related characteristics.

Air Drying: After passing Quality Control, the electrodes undergo air drying to remove excess moisture.

Packaging: After air drying, the electrodes are packed as per the requirement of the customer.

Dispatch: After packaging, the electrodes are ready to dispatch to the customer.

2. Flux Cored Wire



Order placed by customers: The flux cored wire production process commences with the receiving orders from customers. These orders contain specific requirements, such as quantity and delivery timeline. The marketing department transfer the order to the production department for further processing.

Production Planning: Upon receiving the order, the production department generates a comprehensive work order. This work order includes all the essential information, such as flux cored wire specifications, raw material availability, machine capacity and work force allocation to optimize production efficiency. The production planning team collaborates with various departments to ensure that resources are optimized, production schedules are feasible, and deadlines are realistic.

Dry Mix Preparation of Alloys: The dry mix preparation is a critical stage where various raw materials precisely blended in predetermined proportions. This dry mix is then finely ground to ensure a homogeneous composition, which significantly influences the electrode's performance and characteristics.

Binding & Wet Flux of Alloys: The dry mix is combined with a suitable binder. The binder acts as a bonding agent, ensuring cohesion during subsequent manufacturing steps.

Briquetting of Alloys with wire: Briquetting process involves pressing wet flux on the cut wires to produce electrodes.

Extrusion of Electrode: Using an extrusion machine, the wet mix is extruded around the electrode wires to form the desired electrode profile. This extrusion step is critical to achieving the precise dimensions and structural integrity of the electrode.

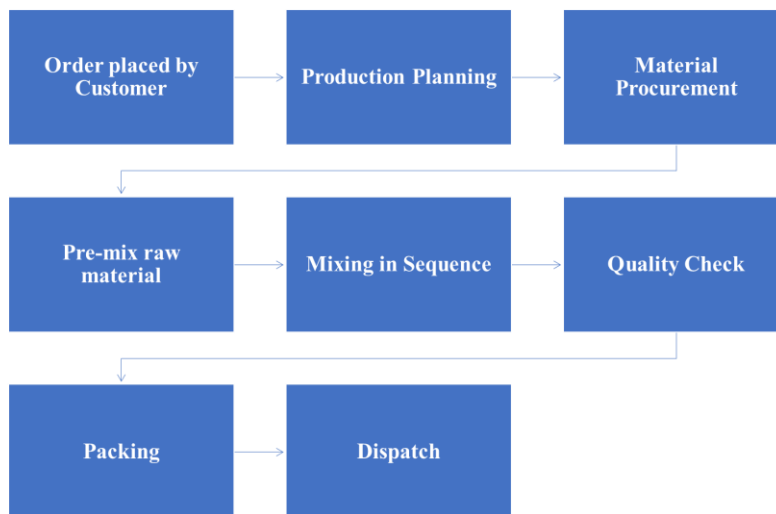
Virtual Inspection & Quality Control: Virtual inspection helps to detect any visible defects or irregularities in the electrodes in the production process, allowing corrective actions to be taken promptly and reducing waste. A random sample from the batch undergoes rigorous testing to verify compliance with specified standards. Quality Control personnel meticulously check for dimensions, mechanical properties, and other performance-related characteristics.

Air Drying: After passing Quality Control, the electrodes undergo air drying to remove excess moisture.

Packaging: After air drying, the electrodes are packed as per the requirement of the customer.

Dispatch: After packaging, the electrodes are ready to dispatch to the customer.

3. *Anti wear consumables*



Order Placed by Customer: The process begins with receiving orders from customers, specifying the type and quantity of adhesive or sealant required.

Production Planning: The production team creates a plan that outlines the required quantities and the production schedule. This plan takes into account the order quantities, available resources, and production capacity.

Material Procurement: Once the production planning is complete, the procurement team is responsible for sourcing the necessary raw materials. These materials may include polymers, solvents, fillers, curing agents and additives. Quality and consistency in material sourcing are crucial for the end product's performance.

Pre-mix raw material: Raw materials are used in a pre-determined composition as per the formula or recipe for the specific adhesive or sealant being produced. Accurate measurement is critical to achieve the desired product properties and consistency.

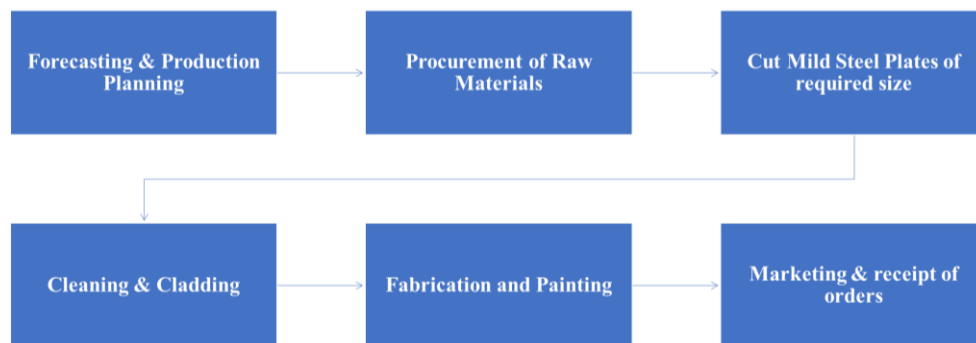
Mixing in Sequence: The pre-determined composition of raw materials are introduced into mixing equipment in a specific sequence. The mixing process can vary depending on the type of adhesive or sealant. It often involves mechanical agitation or heat to ensure proper dispersion and homogenization of all components. The sequence and duration of mixing are essential to achieve the desired product characteristics.

Quality Check: After mixing, samples are taken for quality control. Various tests are performed to check the product's properties, such as viscosity, adhesive strength, curing time, and chemical composition. If the product does not meet the required specifications, adjustments may be made, or the batch may be rejected.

Packing: Once the product passes quality control, it is ready for packaging. Adhesives and sealants can be packaged in various forms, including bottles, cartridges, drums, or other suitable containers. Labels are added, and the product is prepared for dispatch.

Dispatch: The packaged adhesives and sealants are dispatched to customers or distribution centres for further distribution. Proper labelling, documentation, and shipping procedures are followed to ensure the safe and accurate delivery of the products.

4. *Wear Plates*



Forecasting and Production Planning: The production processes begins with the estimation department, where the department analyze market trends, customer demands, and internal requirements to forecast the volume of wear plates needed. This forecast serves as the foundation for our procurement and production planning activities.

Procurement of Raw Materials: Once the planning is completed, the purchase department sources the required raw materials, primarily Mild Steel plates and other cladding materials, from suppliers. Our emphasis on procuring high-quality materials ensures the excellence of the final wear plates.

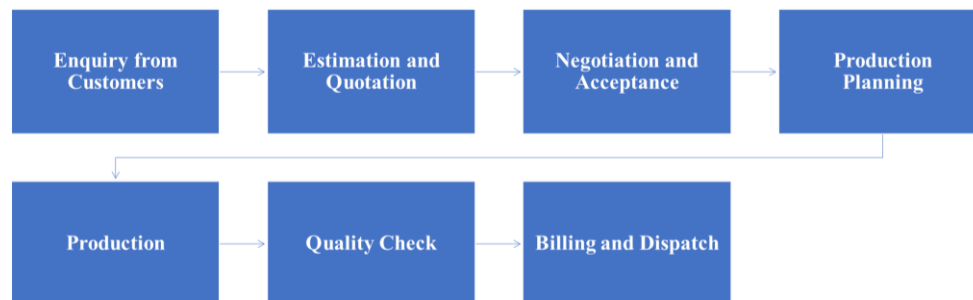
Cut Mild Steel Plates of required sizes: We tailor the wear plates to meet our customer size requirements, catering to their specific needs and applications. The metal steel plates are accurately cut into the desired dimensions, as per the wear plate specifications.

Cleaning and Cladding: The cut mild steel plates undergo thorough cleaning to remove any impurities and ensure a pristine surface for further processing. Cladding is the process of bonding specialized wear-resistant material to the base mild steel plate, is carried out with precision and expertise.

Fabrication and Painting: Fabrication involves shaping and assembling the wear plates to deliver the final product, ready for usage. Painting is a process to enhance the appearance and provide additional protection, wear plates undergo painting using high-quality coatings.

Marketing and receipt of orders: Marketing department is responsible for promoting wear plates and connecting with potential customers. Through effective marketing strategies and exceptional customer service, we establish strong relationships and understand our customers wear plate requirements. Further, we receive customer orders from various industries seeking reliable and robust wear plates.

- **Wear Parts and Heavy Engineering Equipment**



Enquiry from Customers: The process starts with an enquiry from our customer. They provide us with specific details regarding their requirements, such as dimensions, material preferences, and any unique specifications.

Estimation and Quotation: Upon receiving the enquiry, our estimation department analyzes the scope of the project and estimates the expenses involved in manufacturing the equipment. This includes calculating the cost of raw materials, machining, and other production-related factors. Based on the estimation, we prepared a detailed quotation for the customer, outlining the cost breakdown and the proposed timeline for manufacturing the equipment.

Negotiation and Acceptance: We understand that each customer's need may vary, and so we engage in open and constructive negotiations to ensure that the offer aligns with their requirements and budget. Once both parties reach an agreement, and the customer accepts our offer, we move forward to production planning.

Production Planning: The production team creates a plan that outlines the required raw materials and the production schedule. This plan takes into account the order quantities, available resources, and production capacity.

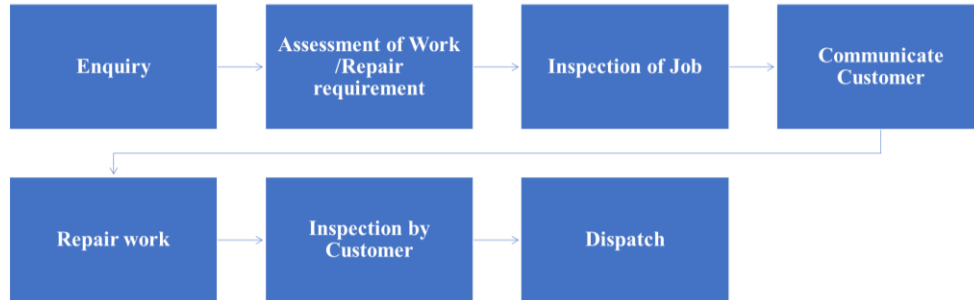
Production: The production process differs depending upon the equipment and their requirements. It requires skilled craftsmen and precise techniques to meet exact specifications of the equipment.

Quality Check: Quality checks are done throughout the production process. We check for dimensional accuracy, design specification, and overall performance to ensure flawless end products. Once the

equipment passes our internal quality check. The customer also visits our unit to inspect the equipment for the quality check before the dispatch.

Billing and Dispatch: Once the quality check is done, they are carefully packaged and dispatched to the customer's location. We prioritize safe and prompt delivery, ensuring that our products reach the customer in pristine condition.

- **Welding Service – Job work**



Enquiry from Customers: The process starts with an enquiry from our customer. They provide us with specific details regarding their requirements, such as dimensions, material preferences, and any unique specifications.

Assessment of Work/ Repair requirement: Upon receiving the enquiry, our skilled welding service team reviews the requirements. We assess the nature of the welding work needed, the extent of repairs required and any specific challenges presented by the project.

Inspection of Job: An on-site inspection is carried out if necessary, especially for larger or complex projects. Based on the inspection we assess the repairs required.

Communicate Customer: After the assessment is complete, we communicate the findings to the customer. We provide a detailed explanation of the required repairs, the welding techniques that will be employed, and the estimated timeline for completing the work.

Repair work: Once the customer approves the repair plan and provides the necessary approvals, our service welding department commences the repairing work. We utilize welding equipment and employ highly skilled welders to ensure the best possible results.

Inspection by Customer: Quality checks are done throughout the production process. We check for dimensional accuracy, design specification, etc. to ensure flawless end products. Once the equipment passes our internal quality check. The customer also visits our unit to inspect the equipment for the quality check before the dispatch.

Dispatch: Once the quality check is done, they are carefully packaged and dispatched to the customer's location. We prioritize safe and prompt delivery, ensuring that our products reach the customer in pristine condition.

Our Units

We carry our manufacturing operations out of four units. Our units is located Unit I at T-5,T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra, India; our Unit II is located at N-78,N-79, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra; and Unit III is located at T-12, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra. Our Unit IV is located at Khasra No. 35, 36 ,38/1, 38/2, 38/3, Khapri (Uma), Nagpur, Maharashtra.

We manufacture special purpose welding electrodes at Unit I, flux cored wire, wear plates and wear parts at Unit II; Anti-wear consumables at Unit III and flux cored wires, wear plates and heavy engineering machinery at our plant situated at Unit IV. Our Units are supported by infrastructure for storage of raw materials, manufacturing of our products, storage of finished goods, together with a quality control and R&D laboratory.

Capacity and Capacity Utilization

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

Fiscal	Units	Special Purpose Electrodes	Flux cored wire	Cold Repair Compounds	Wear Plates & Wear Parts	Heavy Engineering Equipment
2020-21	Capacity	700 MTA	2220 MTA	189 MTA	3204 MTA	6000 MTA
	Production	435.3 MTA	936 MTA	17 MTA	1,845.26MTA	4717 MTA
	Utilization	62.19%	42.16%	8.99%	57.59%	78.62%
2021-22	Capacity	700 MTA	2220 MTA	189 MTA	3204 MTA	6000 MTA
	Production	638.16 MTA	1324.37 MTA	17.35 MTA	2370.52 MTA	6198 MTA
	Utilization	91.17%	59.66%	9.18%	73.99%	103.30%
2022-23	Capacity	700 MTA	2220 MTA	189 MTA	3000 MTA	9000 MTA
	Production	532.65 MTA	1508.13 MTA	21.10 MTA	2457.82 MTA	7100 MTA
	Utilization	76.09%	67.93%	11.17%	76.71%	78.89%

As certified by M/s. Sandeep Mashru & Co., Independent Chartered Engineers vide their certificate dated December 05, 2023

The information relating to the installed production capacity of our Units, as included above and elsewhere in this Draft Red Herring Prospectus are based on various assumptions and estimates that have been considered by the chartered engineer for calculation of our capacity. These assumptions and estimates include the standard capacity calculation practice of the welding and anti-wear consumables, wear plates/wear parts and heavy engineering equipment industry after examining the calculations and explanations provided by us.

Actual production levels and utilization rates may vary from the capacity information of our Units included in this Draft Red Herring Prospectus and undue reliance should not be placed on such information. See “Risk Factor No.12 - Under-utilization of our manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.” on page 46 of this Draft Red Herring Prospectus.

Proposed Expansion Plans

To aid our growth efforts and expand our presence in the domestic markets, we propose to (i) set up a new facility at Unit IV, Nagpur, Maharashtra for manufacturing of special purpose electrodes and flux cored wire; and (ii) expand our existing manufacturing facility at Khapri (Uma), Nagpur, Maharashtra. This Proposed New Facility shall be housed in our Company for which purpose we have executed an agreement to acquire leasehold rights in respect of parcel of land bearing Plot Nos. 33-B/1/1/ & 33-B/1/1/Part, MIDC, Hingna, Sonegaon District, Nagpur, Maharashtra admeasuring 6,125 sq. mtrs and 4,725 sq. mtrs., respectively aggregating to 10,850 sq. mtrs together with existing factory building covering a total built-up area of 2180.70 sq. mtrs.

Post completion of our proposed expansion plans, the new unit is expected to have an estimated installed capacity of aggregate of 600 Metric Tons per annum for welding electrodes and one CR Coil Slitting Line of 1200 MTPA and is expected to be operational from September 2025 onwards. Similarly post expansion, the expanded Unit including the existing plant capacity will be 4920 Metric Tons / Annum for wear plate, 1080 Metric Tons/ Annum for Flux Cored Wires & 12000 Metric Tons / Annum for heavy Engineering Fabrication and is expected to be operational from September 2025 onwards. Consistent with our past practices, be the capacity of the Proposed Facility will be increased in a phased manner to ensure the optimum utilization. For further information, please see the chapter titled “*Objects of the Issue - Government Approvals*” beginning on page 157 of this Draft Red Herring Prospectus.

The information on our Proposed Facility is indicative and remain subject to the potential difficulties and uncertainties that construction projects face including cost overruns or delays. We are in the process of obtaining various consents, approvals and acknowledgements from regulatory authorities that are routine in nature in relation to the proposed expansion at the proposed New Facility.

Also see, “Risk Factor No. 4– *If there are delays in setting up the Proposed Facility or Proposed Expansion or if the costs of setting up and the possible time or cost overruns related to the Proposed Facilities or the purchase of plant and machinery for the Proposed Facilities are higher than expected, it could have a material adverse effect on our financial condition, results of operations and growth prospects.*” on page 40 of this DRHP.

Procurement of Raw Materials

We procure raw materials from our suppliers based on purchase orders and we do not have any purchase agreements or firm commitments executed with them. We reserve the right to reject defective materials, and any warranty claims accepted by us for defective materials supplied by our suppliers are passed on to such suppliers. We primarily source steel plates, mild steel plates, pipes, stainless steel, iron, iron sheets or strips of steel, nickel etc. to manufacture our products. We source raw materials from our suppliers based on quality specifications and cost effectiveness. In Fiscal 2023, 2022 and 2021 and the period ended June 30, 2023 the cost of raw materials and components consumed represented 58.12%, 59.49%, 57.45% and 54.98% respectively, of our revenue from operations. Raw materials are primarily transported to our Units and from one unit to another unit by road.

We source raw materials from our suppliers based on quality specifications and cost effectiveness. We currently import some portion of our raw materials from China, United Kingdom, Italy, Singapore, Germany etc. **Details of source raw materials from our suppliers on restated standalone financial statement:**

Particulars	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
Domestic Purchases	329.9	87.47	1,200.46	82.52	1,040.39	85.28	532.45	82.04
Imports	47.28	12.53	254.23	17.48	179.59	14.72	116.60	17.96
Total	377.18	100.00	1,454.69	100.00	1,219.98	100.00	649.05	100.00

Inventory Management

Our inventory is determined based on a combination of confirmed and expected orders based on past trends. We manage our inventory based on various parameters for maintaining minimum and maximum stock levels of raw materials and finished products expect wear parts and heavy engineering equipment as they are tailor made as per the customer requirements. Further, stock is taken physically at defined intervals and our existing stock is reviewed at regular intervals for quality purposes. Our finished products are stored on-site at our manufacturing Units.

Customer Network and Sales

Our diversified customers varies from established players in the market to leaders as well as small and medium-sized companies in the industry in India and overseas.

We have a direct relationship with the majority of our customers, including overseas customers, with the exception of a few customers we deal with through certain dealers. The revenue from our direct relationship with customers consist of 77%, 71%, 67% and 69% of our revenue from operations for the period ended June 30, 2023 and Fiscals 2023, 2022 and 2021, respectively. We have do not have long term contracts with our customers. Further, within reasonable limits, we escalate the price of our products based on the input prices and therefore most of the orders we receive are covered by the pass-through provisions for raw material pricing. We also have tie with distributors in the domestic and overseas market through whom we undertake some of our sales. For the period ended three months on June 30, 2023 and in Fiscals 2023, 2022 and 2021, we had generated 90.39, 307.70, 253.50 and 154.50 representing 14.76%, 12.61%, 12.95% and 10.14%, of our overall turnover for the reporting period.

As an average of the last three Fiscals, our top 10 customers accounted for 36.20%, 30.95%, 33.27% and 34.45% of our sale of products and services on restated standalone financial statement for the period ended June 30, 2023 and Fiscals 2023, 2022 and 2021.

Logistics

Roadways and waterways are the modes of transportation used for our raw materials as well as finished products. If urgency warrants we also use airways as a mode of transport. Our suppliers directly deliver our raw materials to our units. We outsource the delivery of our products to third-party logistics providers and rely on freight forwarders to deliver our products from our units to the customers. We do not have long-term contractual relationships with the logistics providers or freight forwarders.

Utilities

Our operations require use of power and water. The power requirements are met through the local power grids maintained by state power grid. We maintain power back-ups through DG Sets to ensure unhindered production in case of power cuts by the local electricity providers. We also have installed PV solar power

panel at our Unit II. Water is procured from MIDC for Unit I, II and III. We use ground water at our Unit IV. To minimize the wastage of water as well as to reduce the water procurement cost, we process the water in effluent treatment plant for recycling and reuse it in the manufacturing process Also see “*Our Units*” on page 241 of this DRHP.

Brand building & Marketing

We have a long-standing in the market which helps us to get repeat orders from our existing customers and also get an opportunity to serve new customers. With the quality of our products that we offer and maintain, we have been able to uphold relations with our customers since long times and we strive to maintain these relations through our evolving products to meet the requirements of our customers. We maintain a dedicated marketing team, which coordinates corporate-level branding efforts that range from personal meetings with the customers to understanding and designing the products as per the needs of our customers.

Technical Collaborations

Our Company does not have any technical collaboration as on the date of this Draft Red Herring Prospectus.

Information technology

We believe that an appropriate information technology infrastructure is important to support the growth of our business. Our IT infrastructure enables us to track procurement of raw materials, sale of finished goods and orders from customers. We utilize ERP software which support sales, purchase, inventory management and financial reporting across our Units.

Competition

We operate in the welding and anti-wear consumables, wear plates/wear parts and heavy engineering equipment industry which is highly competitive and fragmented and we compete with a range of unorganized players, at the national and regional level. Further, while we have an expanding portfolio of products, our competitors may have the advantage of focusing on concentrated products. Further, we compete against established players also, which may have greater access to financial, technical and marketing resources and expertise available to them than us in the products and services in which we compete against them.

We believe the principal elements of competition in our industry are quality, price, and range of the products offered. Our forty years of presence in the market coupled with the high quality and range of products as well as our product development capabilities, helps us in having a competitive edge in the market. For further information on the competition, we face in the markets in which we operate, please see the chapter titled “*Industry Overview*” beginning on page 180 of this Draft Red Herring Prospectus.

Quality Control

We place significant emphasis on quality control. Our quality management system with respect to our Units has been certified to conform to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 requirements, subject to periodic audits conducted by the ISO. We also have a certificate of Accreditation by National Accreditation Board for Testing and Calibration Laboratories - ISO/IEC 17025:2017

We inspect the raw materials that we receive as well as the final products that are dispatched. We have implemented internal procedures to ensure quality control at various stages of production, from

procurement and processing of raw material to inventory storage. All the units have personnel responsible for monitoring the parameters of equipment, stability of materials, reporting any irregularities in the production process and making corrections accordingly.

Health and Safety

Our activities are subject to pollution control laws and various regulations which govern, among other matters, the storage and handling of raw materials and finished goods. For further information, please refer to the chapter titled “*Key Industry Regulations and Policies*” beginning on page 247 of this DRHP. We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations.

We have complied, and will continue to comply, with all applicable laws, rules and regulations. We have obtained, or are in the process of obtaining or renewing, all material consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. For further information, please see the chapter titled “*Government and Other Approvals*” beginning on page 371 of this DRHP.

Insurance

We have purchased insurance in order to mitigate the risk of losses from potentially harmful events, including: (i) insurance policy covering fire, damage to buildings, plant and machinery, stocks (raw materials and finished goods); (ii) motor insurance policies covering the vehicles and (iii) policy covering goods in transit. These insurance policies are renewed periodically to ensure that the coverage is adequate. Our insurance covers all of our Units.

Employees

As of November 30, 2023, we had an employee base of 408 employees, 183 Permanent workers and 32 Fixed Term Employees. The following table sets forth a breakdown by function:

Function / Department	No of Employees
Senior Management	9
Finance Department (Corporate Functions)	17
Human Resource Department	11
Sales & Marketing Department	154
Purchase & Procurement Department	10
Administration Department	9
Billing and Commercial Department	14
IT Department	4
Maintenance Department	16
Production Department	330
Quality Control Department / R & D	29
Stores Department	20
Total	623

In addition, for production we have a contract with third- party manpower firms and independent contractors for the supply of contract labours. The number of contract labourers varies from time to time based on the nature and extent of work contracted to third-party manpower firms and independent contractors.

Intellectual Property

As of the date of this Draft Red Herring Prospectus, we have sixty registered trademarks under the Trademarks Act. We have registered the domain name <https://www.diffusionengineers.com/>.

The name **DIFFUSION** is registered as trademark under the Trademarks Act under class 7.

Our Company uses the logo “” which has not been registered under the Trademark Act, 1999. As on the date of this DRHP, we do not have any trademarks registered or under the process of registration at the registry of trademarks. For more information, please refer chapter titled “*Government and other approvals - Intellectual property related approvals*” on page 374 of this Draft Red Herring Prospectus. Also, see “*Risk Factors no. 26– While certain of our trademarks used by us for our business are registered, any inability to protect our intellectual property from third party infringement may adversely affect our business and prospects.*” on page 56 of this Draft Red Herring Prospectus.

Material Properties

Our Registered Office is located at T-5, T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra. The land parcels on which our three manufacturing facilities Unit I, II and III in Nagpur, Maharashtra are located, are on lease from MIDC and Unit IV is owned by us. The following table sets forth below the details of units:

Manufacturing Units	Address	Leased/Owned	Area
Unit I	T-5,T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra	Lease	2,000.00 sq. mtrs.
Unit II	N-78, N-79, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra	Lease	13,068.00 sq. mtrs.
Unit III	T-12, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra	Lease	1,000.00 sq. mtrs.
Unit IV	Khasra No. 35, 36 ,38/1, 38/2, 38/3, Khapri (Uma), Nagpur- 441 501, Maharashtra	Owned	54,400 sq. mtrs.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the shareholders and neither designed, nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see the section titled “Government and Other Approvals” on page 371 Of this Draft Red Herring Prospectus.

Foreign Trade (Development and Regulation) Act, 1992 (the “Foreign Trade Act”)

The Foreign Trade Act, read with the applicable provisions of the Indian Foreign Trade Policy 2023, authorizes the government to formulate as well as announce the export and import policy and to keep amending the same on a timely basis. The Central Government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as specified cases of foreign trade. The Foreign Trade Act requires every importer as well as exporter to obtain the Importer Exporter Code Number (“IEC”) from the Director-General or the authorised officer. The Director General is authorised to suspend or cancel IEC in case of (i) contravention by any person any of the provisions of the Foreign Trade Act or any rules or orders made thereunder or the foreign trade policy or any other law for the time being in force relating to Central excise or customs or foreign exchange or person has committed any other economic offence under any other law for the time being in force as may be specified by the Central Government or (ii) making an export or import in a manner prejudicial to the trade relations of India with any foreign country or to the interests of other persons engaged in imports or exports or has brought disrepute to the credit or the goods of, or services or technology provided from, the country; or (iii) importing or exporting specified goods or services or technology, in contravention of any provision of the Foreign Trade Act or any rules or orders made thereunder or the foreign trade policy. Where any IEC number granted to a person has been suspended or cancelled, the person shall not be entitled to import or export any goods or services or technology except under a special licence, granted by the Director General to that person in a manner and subject to conditions as may be prescribed.

The Customs Act, 1962

All the laws relating to customs are consolidated under the Indian Customs Act, 1962. The provisions relating to appointment of customs ports, airports, warehousing stations are laid down under the Act. There shall be absolute or partial prohibition on import or export of goods by the Central Government for maintenance of security in India. The interest on levy of or exemption of customs duty is laid down under Chapter V of the Act. The clearance of imported goods and export shall not apply to baggage and goods imported or to be exported by post.

Legal Metrology Act, 2009 (“LM Act”) and the Legal Metrology (Packaged Commodities) Rules, 2011 (“Packaged Commodity Rules”)

The Legal Metrology Act replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standard weights and measures, regulate trade and commerce in weights, measures and other goods which are or distributed by weight, measure or number and for matters connected therewith or incidental thereto.

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 licence under the LM Act. Any manufacturer dealing instruments for weights and measuring of goods must procure a license from the state department under the LM Act. The key features of the Legal Metrology Act are (a) appointment of Government approved test centres for verification of weights and measures; (b) allowing the companies to nominate a Director who will be held responsible for breach of provisions of the Legal Metrology Act. Any non-compliance or violation of the provisions of the Legal Metrology Act may result in, among others, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

The Packaged Commodity Rules regulate the pre-packing and the sale of commodities in a packaged form, and provide certain rules to be adhered to by wholesale and retail dealers, the declarations to be made on every package, the manner in which the declarations shall be made, etc. These declarations that are required to be made include, inter alia, the name and address of the manufacturer, the dimensions of the commodity and the weight and measure of the commodity in the manner as set forth in the Packaged Commodity Rules. The Packaged Commodity Rules were amended in the year 2017 to increase protection granted to consumers. Some recent additions include increased visibility of retail price, removal of dual MRP and bringing e-commerce within the ambit of these rules.

Environmental Laws

The Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)

The Air Act was enacted for the prevention, control and abatement of air pollution. The State Government may declare any area as an “air pollution control area” and the previous consent of the SPCB is required for establishing or operating any industrial plant in an area so declared. Further, no person operating any industrial plant in any such area is permitted to discharge any air pollutant in excess of the standard laid down by the SPCB. The persons managing industry are to be penalized if they produce emissions of air pollutants in excess of the standards laid down by the SPCB. The SPCB may also apply to the Court to restrain persons causing air pollution. Whoever contravenes any of the provisions of the Air Act or any order or direction issued is punishable with imprisonment for a term which may extend to 3 months or with a fine of ₹10,000 or with both, and in case of a continuing offence, with an additional fine which may extend to ₹5,000 for every day during which such contravention continues after initial conviction.

The Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)

The Water Act mandates that the previous consent of the SPCB be taken before establishing any industry, operation or process, or any treatment and disposal system or an extension or addition thereto, which is likely to discharge waste or trade effluents into a stream, well, sewer or onto land, bring into use any new or altered outlet for the discharge of sewage, or begin to make any new discharge of sewage. In addition, to provide for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities, with a view to augment the resources of the Central Board and the State Boards for the prevention and control of water pollution has been done by the Water (Prevention and Control of Pollution) Cess Act, 1977.

The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 (“MSIHC Rules”)

The MSIHC Rules, as amended, stipulate that an occupier in control of an industrial activity has to provide evidence for having identified major accident hazards and having taken adequate steps to prevent such accidents and limiting their consequences to persons and the environment. Further, the occupier has an obligation to show that he has provided necessary information, training and equipment, including antidotes, to the persons working on the site to ensure their safety. They are also under an obligation to notify the concerned authority on the occurrence of a major accident on the site or pipeline within 48 hours of occurrence.

Public Liability Insurance Act, 1991 (“Public Liability Act”) and the Public Liability Insurance Rules, 1991 (the “PLI Rules”)

The Public Liability Act, as amended, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such substances. A list of ‘hazardous substances’ covered by the legislation has been enumerated by the Government by way of a notification under the EPA. The owner or handler is also required to take out an insurance policy that insures against liability under the legislation. The PLI Rules made under the Public Liability Act mandate that the employer has to contribute towards the Environmental Relief Fund a sum equal to the premium payable to the insurer on the policies taken.

Labour law legislations

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of labour laws other than state-wise shops and establishments acts, which may be applicable to our Company due to the nature of our business activities:

- Factories Act, 1948;
- The Contract Labour (Regulation and Abolition) Act, 1970;
- Code on Wages, 2019*;
- Code on Social Security, 2020*;
- The Employee’s Compensation Act, 1923;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- The Payment of Gratuity Act, 1972;
- The Payment of Bonus Act, 1965;
- The Maternity Benefit Act, 1961;
- The Minimum Wages Act, 1948;
- The Employees’ State Insurance Act, 1948;
- The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- The Payment of Wages Act, 1936;
- The Industrial Disputes Act, 1947;
- Industrial Employment (Standing Orders) Act, 1946;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- The Equal Remuneration Act, 1976; and
- The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986

**Certain provisions of the Code on Wages and the Code on Social Security have been notified as on date.*

In order to rationalise and reform labour laws in India, the Government of India has notified four labour codes which are yet to come into force as on the date of this Draft Red Herring Prospectus, namely:

- (i) The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020, and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, Motor Transport Workers Act, 1961 and the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979. This code proposes to provide for, among other things, standards for health, safety and working conditions for employees of establishments, and will come into effect on a date to be notified by the Central Government;
- (ii) The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020, and proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The Industrial Relations Code, 2020 will come into effect on a date to be notified by the Central Government;
- (iii) The Code on Wages, 2019 received the assent of the President of India on August 8, 2019. Through its notification dated December 18, 2020, the Government of India brought into force certain sections of the Code on Wages, 2019. The remaining provisions of this code will be brought into force on a date to be notified by the Government of India. It proposes to subsume four separate legislations, namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976; and
- (iv) The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020. Through its notification dated April 30, 2021, the Government of India brought into force section 142 of the Code on Social Security, 2020. The remaining provisions of this code will be brought into force on a date to be notified by the Government of India. It proposes to subsume several separate legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the Maternity Benefit Act, 1961, and the Payment of Gratuity Act, 1972.

Intellectual Property Laws

Trade Marks Act, 1999 (the "Trademarks Act")

The Trademarks Act governs the statutory protection of trademarks and prohibits any registration of deceptively similar trademarks, among others. The purpose of the Trade Marks Act is to grant exclusive rights to marks such as a brand, label and heading, and to obtain relief in case of infringement of such marks. Indian law permits the registration of trademarks for both goods and services. Under the provisions of the Trademarks Act, an application for trademark registration may be made before the Trademark Registry by any person claiming to be the proprietor of a trade mark, whether individual or joint applicants, and can be made on the basis of either actual use or intention to use a trademark in the future. Once granted, a trademark registration is valid for 10 years unless cancelled, subsequent to which, it can be renewed. If not renewed, the mark lapses and the registration

are required to be restored. Further, pursuant to the notification of the Trade Marks (Amendment) Act, 2010 (“**Trademark Amendment Act**”) simultaneous protection of trademarks in India and other countries has been made available to owners of Indian and foreign trademarks. The Trademark Amendment Act also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to conform Indian trademark law to international practice.

Tax Laws

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every domestic or 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. Under section 139(1) every Company is required to file its income tax return for every previous year by October 31 of the assessment year. Other compliances like those relating to tax deduction at source, fringe benefit tax, advance tax, and minimum alternative tax and the like are also required to be complied with by every company.

Goods and Service Tax (“GST”)

GST is an indirect tax applicable throughout India which replaced multiple cascading taxes levied by the central and state governments. The GST is 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 has 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.

Central Goods and Services Tax Act, 2017 (“CGST Act”)

CGST Act regulates the levy and collection of tax on the intra-State supply of goods and services by the Central Government or State Governments. The CGST Act amalgamates a large number of Central and State taxes into a single tax. The CGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration. Such registrations can be amended, as well as cancelled by the proper office on receipt of application by the registered person or his legal heirs.

Maharashtra Goods and Services Tax Act, 2017 (“GGST Act”)

The Maharashtra Goods and Services Tax Act, 2017 regulates the levy and collection of tax on the supply of goods and services within the state by the state government. The MGST Act covers all the transaction occurring within the geographical boundaries of Maharashtra. The MGST mandates every supplier providing the goods and services to be registered within the state, within 30 days from which it becomes liable for such registration.

The Integrated Goods and Services Tax Act, 2017 (“IGST Act”)

The IGST Act regulates the levy and collection of tax on the inter-State supply of goods and services by the Central Government or State Governments. It also includes the import and export of goods and services. The IGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Company

Our Company was incorporated under the provisions of the Companies Act, 1956 with the name “Diffusion Engineers Private Limited” pursuant to certificate of incorporation dated November 05, 1982 issued by Registrar of Companies, at Maharashtra. Further, pursuant to resolutions passed by our Board of Directors at its meeting held on May 06, 1995 and by our Shareholders at the extra-ordinary general meeting held on May 17, 1995 our Company was converted into a public limited company. Consequently, our name was changed to “Diffusion Engineers Limited” and a fresh Certificate of Incorporation dated July 03, 1995, was been issued by the Registrar of Companies, Karnataka at Bangalore.

Changes in the Registered Office of our Company since incorporation

The details of changes in the registered office of our Company since the date of its incorporation are as follows:

Date of Resolution	Details of the address of Registered Office	Reason
August 12, 1983	The registered office of our Company was shifted from G-22, Bombay Market, Tardeo, Mumbai – 400034, Maharashtra, India to 318, Bombay Market, Tardeo, Mumbai – 400034, Maharashtra, India.	For operational efficiency
February 01, 1984	The registered office of our Company was shifted from 318, Bombay Market, Tardeo, Mumbai – 400034, Maharashtra, India to 02, Pooja Apartments, 11-A Perry Cross Road, Bandra (West), Mumbai – 400050, Maharashtra, India with effect from April 01, 1984.	For operational efficiency
August 06, 1985	The registered office of our Company was shifted from 02, Pooja Apartments, 11-A Perry Cross Road, Bandra (West), Mumbai – 400050, Maharashtra, India to Gresham Assurance House, 1(12) 3 rd Floor, Sir P.M. Road, Mumbai – 400001, Maharashtra, India with effect from August 23, 1985.	For operational efficiency
July 23, 1985	The registered office of our Company was shifted from Gresham Assurance House, 1(12) 3 rd Floor, Sir P.M. Road, Mumbai – 400001, Maharashtra, India to Vimala Building, 5, Residency Road, Bangalore – 560025, Karnataka, India.	For administrative convenience
April 26, 1988	The registered office of our Company was shifted from Vimala Building, 5, Residency Road, Bangalore – 560025, Karnataka, India to 35/4-2, & 3 Bannerghatta Road, Bangalore – 560030, Karnataka, India.	For administrative convenience
May 20, 1999	The registered office of our Company was shifted from 35/4-2, & 3 Bannerghatta Road, Bangalore – 560030, Karnataka, India to 56, S. B. Colony Arkare Gate, Bannerghatta Road, Bangalore – 560030, Karnataka, India	For administrative convenience

Date of Resolution	Details of the address of Registered Office	Reason
May 20, 1999	The registered office of our Company was shifted from 56, S. B. Colony Arkare Gate, Bannerghatta Road, Bangalore – 560030, Karnataka, India to T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra.	For operational efficiency

The registered office of our Company is currently situated at T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra.

Key events and milestones

The table below sets forth certain major events in the history of our Company:

Year	Key Events/ Milestone/ Achievements
1982	Incorporated as a Private Limited Company
1993	Commenced manufacturing of welding electrodes
1994	Acquired land (in part) for our manufacturing facility at Unit I
1995	Converted from Private Limited Company to Public Limited Company
1995	Acquired land (in part) for manufacturing facility at Unit I
1995	Acquired a subsidiary company, Diffusion Super Conditioning Services Private Limited
1997	Commencement of production of flux cored wires and wear plates
2000	Acquired land (in part) for manufacturing facility at Unit II
2006	Acquired land (in part) for manufacturing facility at Unit II
2011	Acquired land for our facility at Unit IV
2012	Established our subsidiary company, Diffusion Hernon Adhesive and Sealant Private Limited
2012	Invested in our overseas joint venture company, LSN Diffusion Limited (United Kingdom)
2013	Established our subsidiary company in Singapore, Diffusion Engineers Singapore Pte Ltd.
2013	Invested in an associate of our subsidiary in Singapore, Mecdiff Sdn Bhd (Malaysia)
2014	Established a step-down subsidiary company of our Singapore Subsidiary in Philippines, Diffusion Wear Solutions Philippines Inc.
2015	Acquired land for manufacturing facility at Unit III
2016	Set up dedicated equipment manufacturing facility at Unit IV
2017	Crossed turnover of ₹1000.00 million
2019	Crossed turnover of ₹1500.00 million
2022	Expanded dedicated equipment manufacturing facility at Unit IV
2023	Crossed turnover of ₹ 2000.00 million

Key awards, accreditations & recognitions

Set forth below are some of the key awards, accreditations and recognitions received by our Company:

Year	Particulars
2019	Best Employer Brands by Employer Branding Institution
	Vidharbha Udyog Gaurav Awards for outstanding contribution to industrial development of Vidharbha.
	India SME 100 Award
	Brand Leadership Award by World Marketing Congress
2020	ET Industry Leaders – MSME 2020 has felicitated us for exemplary contribution being a MSME for Industrial Engineering
2021	National Accreditation Board for Testing and Calibration Laboratories accredited our factory at T-5 and T-6 with ISO/IEC 17025:2017 certificate for General Requirements for the Competence of Testing & Calibration Laboratories
2022	Great Place to Work Certification
2023	Great Place to Work Certification
	National Accreditation Board for Testing and Calibration Laboratories accredited our factory at T-5 and T-6 with ISO/IEC 17025:2017 certificate for General Requirements for the Competence of Testing & Calibration Laboratories

Main objects of our Company

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

- (a) To carry on the business of Manufacturers, dealers, marketers, importers and exporters of Welding Electrodes, Flux coated and bare Gas Welding Rods, Powders, Fluxes, Pastes, Welding Wires (flux – cored and solid), Water resistant Plates, Polymer Epoxy Resins of engineering and other grades.
- (b) To carry on the business of Manufacturers, dealers, marketers, importers and exporters of Welding Equipment of all kinds, including Electro-slag Welding Machines, Wire Feeders, transformers, Generators, Converters and spares.
- (c) To carry on the business of Manufacturers, dealers, marketers, importers and exporters of coated Wear Resistant Parts for original equipment's in all major industries such as Power, Cement, Chemical and Fertilizer, Paper, Mining Transport of all kinds, Atomic Power and engineering industries.
- (d) To carry on the business of Manufacturers, dealers, marketers, importers and exporters of Equipment and spares of Waste Disposal by Incineration an other methods used by Hospitals, Nursing Homes, pathological Laboratories, Pharmaceutical manufacturers, Municipal Corporations, Hotels, Restaurants, and others.
- (e) To carry on the business of importers, exporters, distributors, stockists selling agents, traders, dealers and suppliers of engineering finished and intermediary products.

The main objects as contained in our Memorandum of Association enable our Company to carry on the business presently being carried out and proposed to be carried out by it.

Amendments to our Memorandum of Association in the last ten years

Except as stated below, there has been no change in the Memorandum of Association of our Company, in the last ten years:

Sr. No.	Date of Shareholders' Resolution	Details of Amendment
1.	February 21, 2020	The set of existing Memorandum of Association of the Company was substituted with a new set of Memorandum of Association in order to align it with the provisions of Companies Act without any change in the name, registered office, object or liability clause of the Company.
2.	September 25, 2023	Clause V was amended to reflect the increase in authorized share capital of our Company. The authorized share capital of our Company was increased from ₹ 50,000,000/- comprising of 5,000,000 Equity Shares of ₹10/- each to ₹150,000,000/- comprising of 15,000,000 Equity Shares of ₹10/- each.
3.	November 18, 2023	Clause V was amended to reflect the increase in authorized share capital of our Company. The authorized share capital of our Company was increased from ₹150,000,000/- comprising of 15,000,000 Equity Shares of ₹10/- each to ₹400,000,000/- comprising of 40,000,000 Equity Shares of ₹10/- each.

Details regarding material acquisitions or divestment of business/ undertakings, mergers, amalgamation, any revaluation of assets etc. in last ten years

There have been no mergers, amalgamation, revaluation of assets etc. with respect to our Company in the last 10 years.

Defaults or rescheduling/restructuring of borrowing with financial institutions/ banks

There have been no instances of defaults or rescheduling/restructuring of borrowings with any financial institutions/ banks as on the date of the Draft Red Herring Prospectus.

Number of shareholders of our Company

Our Company has 33 equity shareholders as on the date of filing of this Draft Red Herring Prospectus.

Shareholders' agreement and other agreements

Our Company has not entered into any shareholders' agreements and other agreements, other than the agreements entered into by it in ordinary course of its business as on the date of this Draft Red Herring Prospectus.

There are no inter-se agreements/ arrangements to which the Company or any of its Promoters or shareholders are a party to and therefore, clauses/ covenants which are material and which need to be disclosed and that there are no other clauses / covenants in the inter-se agreements or arrangements or the Articles of Association which are adverse/ pre-judicial to the interest of the minority/ public shareholders.

No Directors, KMPs or SMPs of our Company are appointed pursuant any inter-se agreement/agreement to which our Company or any of its Promoters or Shareholders are a party to.

There are no special rights available to the Promoters and / or other shareholders vis-à-vis the Company.

Capacity/facility creation, location of plants

For details regarding capacity/facility creation and location of plants of our Company and its Subsidiaries, see “*Our Business*” beginning on page 216.

Non-Compete agreement

Except as disclosed in this Draft Red Herring Prospectus, our Company has not entered into any non-compete agreement.

Details of holding company

As on the date of this Draft Red Herring Prospectus, our Company does not have any holding company.

Material Agreements with strategic partners, joint venture partners and/ or financial partners and other agreements

Except as disclosed below, there are no existing material agreements with strategic partner and/or financial partners or other material agreements entered into by our Company, as on the date of this Draft Red Herring Prospectus.

1. Shareholders Agreement dated November 02, 2012 (“SHA”) executed by and amongst our Company, LSN Diffusion Limited, Stephen W. Harrison, David Roberts (as the nominee of John Sharples) Vivian Jones, Norman John Allnatt, Sean J Moran (Pension SIPP), Sean J Moran, Ian Morgan, Laurence Griffiths, Joao Da Mata, R Mark Phillips, Zulfiya Redzhepovna Tadzheva, Benjamin James Griffiths Rhodri John, Ryan Perrott, Vincent Kettner, Philip John Allnatt SIPP, Malaurie Orin, Paul Evans, Paul Cory, Sally Park, Joao Da Mata (Pension SIPP) (“collectively / Shareholders”),

Our Company has entered into a SHA dated November 02, 2012 with the aforementioned Shareholders and LSN Diffusion. Pursuant to this SHA, the aforesaid Shareholders have agreed to subscribe to the shares of LSN Diffusion Limited.

For this purpose, the shareholders have set up the terms and conditions governing and regulating their relationship as well as their mutual rights, duties, responsibilities and obligations as shareholders of LSN Diffusion Limited by way of the SHA. Under the terms of the SHA, the shareholders have been granted certain rights including certain customary rights to protect their interest in LSN Diffusion Ltd. which inter alia include (i) Management rights; (ii) Board representation; (iii) Pre-emptive rights; (iv) Transfer of shares, (v) Tag Along Rights and (vi) Non-compete qua the shareholders. Pursuant to the SHA, our Company has the exclusive rights to sell the products of LSN Diffusion Limited (which includes a range of surfacing products) in India, Pakistan, Sri Lanka, Bangladesh, Myanmar, Thailand, Malaysia, Singapore, Indonesia, Vietnam, Laos, Cambodia.

Associate and Joint Ventures of our Company

Except as disclosed below, our Company does not have any associate and joint ventures:

LSN Diffusion Limited

Corporate Information

LSN Diffusion Limited (“**LSN Diffusion**”) was incorporated on August 31, 2012, as a company under the provisions of the Companies Act, 2006. Its registered office is situated at Unit A & B, Cilyrychen Industrial Estate, Llandybie, Ammanford, SA18 3GY. The Registration Number is 08198122.

Nature of Business

LSN Diffusion is authorized to engage in the business of business of production of non-ferrous metal products.

Capital Structure

The capital of LSN Diffusion is 3,500,000 Ordinary A shares & 1 Ordinary £1 share.

Shareholding Pattern

The shareholding pattern of LSN Diffusion as on the date of this Draft Red Herring Prospectus is set out below:

Sr. No.	Name of the Shareholder	Capital contribution
1.	Norman John Allnatt	1 Ordinary £1 Share

Sr. No.	Name of the Shareholders	Capital contribution of £1
1.	Norman John Allnatt	892,144 Ordinary A shares
2.	Philip John Allnatt	76,711 Ordinary A shares
3.	Trustees of ALLTRUST SIPP – J D Mata (ISS0617)	37,061 Ordinary A shares
4.	Trustees of ALLTRUST SIPP – P J Allnatt (ISS0607)	25,000 Ordinary A shares
5.	Trustees of ALLTRUST SIPP – S J Moran (ISS0556)	90,000 Ordinary A shares
6.	Sabrina Bianchi	19,000 Ordinary A shares
7.	Paul Robert Corry	10,000 Ordinary A shares
8.	Diffusion Engineers Limited	754,500 Ordinary A shares
9.	Benjamin James Griffiths	33,000 Ordinary A shares
10.	Laurence James Griffiths	55,000 Ordinary A shares
11.	Stephen William Harrison	608,592 Ordinary A shares
12.	David Hunter	100,000 Ordinary A shares
13.	Rhodri Allan John	33,000 Ordinary A shares
14.	Vivian Jones	300,000 Ordinary A shares
15.	Zulfiya Tadzheva Leven	50,000 Ordinary A shares
16.	Joao Pedro Castelo Mata	62,992 Ordinary A shares
17.	Sean Jeremiah Moran	10,000 Ordinary A shares
18.	Ian David Morgan	75,000 Ordinary A shares
19.	Sally Anne Park	10,000 Ordinary A shares
20.	Richard Mark Phillips	58,000 Ordinary A shares

21.	Thomas Weber	200,000 Ordinary A shares
	Total	3,500,000 Ordinary A shares

Total Accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of LSN Diffusion have not been accounted for by our Company.

Mecdiff Sdn Bhd

Corporate Information

Mecdiff Sdn Bhd (“**Mecdiff**”) was incorporated on December 17, 2013, as a company under the provisions of the Companies Act, 2016. Its registered office is situated at 16-2-1, Jalan Puteri ¼, Bandar Puteri, Puchong, 47100, Selangor and its business office is situated at No. 24 Jalan Tiara Sentral 1 Tiara Sentral at Nilai Utama Enterprise Park Nilai Negeri Sembilan, 71800. The Registration Number is 201301044536.

Nature of Business

Mecdiff is authorized to engage in the business of business of manufacturing, distributing and exporting wear resistant plates.

Capital Structure

The capital of Mecdiff is 1,000,000 shares of One Ringgit each.

Shareholding Pattern

The shareholding pattern of Mecdiff as on the date of this Draft Red Herring Prospectus is set out below:

Sr. No.	Name of the Shareholders	Capital contribution (RM1.00 per share)
1.	Palaniappan A/L Devy Ramasamy	350,000
2.	Manoharan A/L Subramaniam	350,000
3.	Diffusion Engineers Singapore Pte. Ltd	300,000
	Total	1,000,000

Total Accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of Mecdiff have not been accounted for by our Company.

Subsidiary of our Company

For details with respect to our Subsidiaries, please see “*Our Subsidiaries*” on page 260.

Common Pursuits

As on the date of this Draft Red Herring Prospectus, our Subsidiaries, Associates and Joint Venture have common pursuits with our Company and are authorized to engage in similar business to that of our Company. Our Company will adopt the necessary procedure and practices as permitted by law to address any conflict situation, if and when they arise.

Time and cost overruns in setting-up projects

There have been no instances of time and cost over-runs in respect of our business operations.

Launch of key products or services, entry in new geographies or exit from existing markets

For details of launch of key products or services, entry in new geographies or exit from existing markets, please refer to the chapter “*Our Business*” on page 216 of this Draft Red Herring Prospectus.

Lock-out or strikes

There have been no lock-outs or strikes in our Company since inception.

Guarantees provided by our Promoters

Except as disclosed in the chapter titled “*Financial Indebtedness*” on page 362 of this Draft Red Herring Prospectus our Promoters have not given any guarantees to third parties that are outstanding as on the date of filing of this Draft Red Herring Prospectus.

Agreements with Key Managerial Personnel or Senior Management or Directors or Promoter or any other employee

As on the date of the Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel or Senior Management or Directors or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

OUR SUBSIDIARIES

As on the date of this Draft Red Herring Prospectus, our Company has 3 (three) domestic and 2 (two) overseas Subsidiaries.

1. Diffusion Super Conditioning Services Private Limited (“DSCS”)

Corporate Information

DSCS is as a public limited company incorporated on January 10, 1990 with the Registrar of Company at Karnataka, Bangalore. CIN of DSCS is U51503MH1990PTC124545. The registered office of DSCS was shifted from Karnataka to T-5/T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra, India vide order dated November 11, 1999 issued by Registrar of Companies, Mumbai at Maharashtra.

Nature of Business

DSCS is engaged in the business of dealing in purchase and sale of welding consumables such as rods, electrodes, powders, pastes, compounds welding and metal spraying equipment. Taking up service contracts for various repairs/reclamation and super conditioning of parts and equipments in all types of industries using special welding process and equipments both locally made and imported. Taking up representation of overseas principals in India.

Capital Structure

As on the date of this Draft Red Herring Prospectus, the authorized share capital of DSCS is ₹ 500,000 divided into 5,000 shares with a face value of ₹100/- each.

DSCS has issued, subscribed and paid-up share capital of ₹380,000 divided into 3,800 shares of ₹100 each.

Shareholding of DSCS

Sr. No.	Name of the Shareholders	No. of Equity Shares of ₹100 each	Percentage of issued Capital (%)
1.	Diffusion Engineers Limited	3,760	98.95
2.	Chitra Garg	20	0.53
3	Saraswati Gopalkrishnan	20	0.53
	Total	3,800	100.00

Amount of accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of DSCS that have not been accounted for by our Company.

2. Diffusion Hernon Adhesive and Sealant Private Limited (“DHAS”)

Corporate Information

DHAS is a private limited company incorporated on August 02, 2012 with the Registrar of Companies Maharashtra at Mumbai. CIN of DHAS is U24297MH2012PTC234063. The registered office of DHAS is situated at T-5/T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra, India.

Nature of Business

DHAS is engaged in the business of designing, manufacturing, marketing & distribution of products of high performance industrial adhesive and sealant along with its dispensing equipment to be used for industrial sector such as automotive, electrical, electronics, communication, aerospace, appliances, military ammunition, power generation and transportation.

Capital Structure

As on the date of this Draft Red Herring Prospectus, the authorized share capital of DHAS is ₹5,000,000 divided into 500,000 shares with a face value of ₹10/- each.

DHAS has issued, subscribed and paid-up shares of ₹1,000,000 divided into 100,000 shares of ₹10/- each.

Shareholding of DHAS

Sr. No.	Name of the Shareholders	No. of Equity Shares of ₹10 each	Percentage of issued Capital (%)
1.	Diffusion Engineers Limited	95,000	95.00
2.	Hernon Manufacturing Inc	5,000	5.00
	Total	100,000	100.00

Amount of accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of DHAS that have not been accounted for by our Company.

3. Nowelco Industries Private Limited (“NIPL”)

Corporate Information

NIPL is a private limited company incorporated on January 22, 1999 and is currently registered with the Registrar of Companies, Chattisgarh at Bilaspur. CIN of NIPL is U29309CT1999PTC013276. The registered office of NIPL is situated at TF-32, Third Floor Millenium Plaza Opposite Indian Coffee House G.E. Road, Raipur, Chattisgarh, India, 492004.

Nature of Business

NIPL is engaged in the business to carry on the business of manufacturing, exporting or otherwise deal in welding electrodes, welding machines and other welding materials suitable for industries, trade, scientific electronics, domestic and other applications and usage of various sizes, qualities, descriptions and kinds. It is also authorised to carry on the business as manufacturers, dealers, stockists, exporters and importers of wire nails, rivets, hinges, nuts and bolts and all other hardware items of all types and descriptions. It is also authorised to carry on the business as manufacturers, dealers, stockists, exporters and importers of straw boards, straw products of all types and description.

Capital Structure

As on the date of this Draft Red Herring Prospectus, the authorized share capital of NIPL is ₹15,000,000 divided into 1,500,000 shares with a face value of ₹10/- each.

NIPL has issued, subscribed and paid-up shares of ₹12,455,500 divided into 1,245,550 shares of ₹10/- each.

Shareholding of NIPL

Sr. No.	Name of the Shareholders	No. of Equity Shares of ₹10 each	Percentage of issued Capital (%)
1.	Diffusion Engineers Limited	685,510	55.04
2.	Diffusion Super Conditioning Solution Private Limited	150,000	12.04
3.	Prashant Garg	139,400	11.19
4.	Dr. Nitin Garg	125,400	10.07
5.	Marion Bush	90,800	7.29
6.	N. K. Garg HUF	25,200	2.02
7.	Chitra Garg	14,040	1.13
8.	Dr. Nitin Garg and Dr. Renuka Garg	11,400	0.92
9.	Anup Chatterjee	3,800	0.31
	Total	1,245,550	100.00

Amount of accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of NIPL that have not been accounted for by our Company.

4. Diffusion Engineers Singapore Pte Ltd (“DES”)

Corporate Information

DES is a company incorporated on November 26, 2013 under the laws of Singapore and registered with the Registrar of Companies & Businesses, Singapore under registration number 201331882E. The registered office of DES is situated at 30 Cecil Street, #19-08, Prudential Tower, Singapore 049712.

Nature of Business

DES is engaged in the business to carry on, undertake, take part or engage in any business or activity, matter or thing of any kind whatsoever, and do any act or enter into any transaction without any restriction or limitation as to the nature or description thereof.

Capital Structure

As on the date of this Draft Red Herring Prospectus, the authorized share capital of DES is SGD 1000/- divided into 1000 shares with a face value of SGD 1/- each and USD 249,217/- divided into 249,217 shares with a face value of USD 1/- each.

DES has issued, subscribed and paid-up shares of SGD 1,000 divided into 1,000 shares of SGD 1/- each and USD 249,217/- divided into 249,217 shares with a face value of USD 1/- each.

Shareholding of DES

Sr. No.	Name of the Shareholders	No. of Equity Shares of SGD 1 each	Percentage of issued Capital (%)
1.	Diffusion Engineers Limited	1,000	100.00
	Total	1,000	100.00

Sr. No.	Name of the Shareholders	No. of Equity Shares of USD 1 each	Percentage of issued Capital (%)
1.	Diffusion Engineers Limited	249,217	100.00
	Total	249,217	100.00

Amount of accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of DES that have not been accounted for by our Company.

5. Diffusion Wear Solutions Philippines Inc. (“DWSP”)

Corporate Information

DWSP is a company incorporated in Philippines as a subsidiary of DES on February 07, 2014 registered with the Securities and Exchange Commission of the Republic of the Philippines under registration number CS201402095. The registered office of DWSP is situated at New Site Street, San Gabriel, Sta. Maria, Bulacan 3022, Philippines.

Nature of Business

DWSP is engaged in the business to manufacture, distribute, import and export, metallurgical and solutions products for “super conditioning”.

Capital Structure

As on the date of this Draft Red Herring Prospectus, the authorized share capital of DWSP is PHP 10,000,000 divided into 10,000,000 shares with a face value of PHP 1/- each.

DWSP has issued, subscribed and paid-up shares of PHP 9,000,000 divided into 9,000,000 shares of PHP1/- each.

Shareholding of DWSP

Sr. No.	Name of the Shareholders	No. of Equity Shares of PHP 1 each	Percentage of issued Capital (%)
1.	Diffusion Engineers Singapore Pte. Ltd	8,999,989	99.99

2.	Prashant Garg	5	0.00
3.	Narendra Kumar Garg	5	0.00
4.	Melvelyn Barrozo	1	0.00
	Total	9,000,000	100.00

Amount of accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of DWSP that have not been accounted for by our Company.

Listing

Our Subsidiaries are not listed on any stock exchange in India or abroad. Further, neither have any of the securities of our Subsidiaries have been refused listing during the last 10 years by any stock exchange in India or abroad, nor have any of our Subsidiaries have failed to meet the listing requirements of any stock exchange in India or abroad.

Business Interest in our Company

Except as stated in “*Restated Consolidated Financial Statements – Note 37- Related Party Transactions*” on page 324 of this Draft Red Herring Prospectus, none of our Subsidiaries have any business interest in our Company.

Common Pursuits

As on the date of this Draft Red Herring Prospectus, our Subsidiaries have common pursuits with our Company and is authorized to engage in similar business to that of our Company. Our Company will adopt the necessary procedure and practices as permitted by law to address any conflict situation, if and when they arise. For further details in relation to risks involving the common pursuits, see “*Risk Factor No. 29-Conflict of interest may arise as some of our Group Companies and Subsidiaries are authorized to carry on similar line of business as our Company which may lead to real or potential conflicts of interest for our Promoters or Directors*” on page 57 of this Draft Red Herring Prospectus.

OUR MANAGEMENT

In terms of the Companies Act and our AoA, our Company is required to have not less than 3 Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Company currently has six directors on its Board comprising of a Chairman and Managing Director, 2 (two) Non-Executive Directors (both of whom are women) and 3 (three) Independent Directors of which one is women director.

Our Board

The following table sets forth details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Name, designation, address, occupation, period of directorship, nationality, current term, date of birth and DIN	Age (years)	Other Directorships
Prashant Garg Designation: Chairman and Managing Director Address: Plot No. 03, Pawan Bhumi, Wardha road, Somalwada, Khamla, Nagpur– 440025, Maharashtra Occupation: Business Period of Directorship: Director since November 09, 2003 Term: 5 years with effect from March 16, 2020, on terms and conditions contained in the service agreement. Date of Birth: May 08, 1983 DIN: 00049106	40	Indian Companies: ▪ Nowelco Industries Private limited ▪ Diffusion Super Conditioning Services Private Limited ▪ Diffusion Adhesive and Sealant Private Limited ▪ Benvira Forward Algorithms Private Limited ▪ N K Garg Foundation Foreign Companies: ▪ LSN Diffusion Limited ▪ Diffusion Wear Solutions Philippines Inc. ▪ Diffusion Engineers Singapore Pte. Ltd. ▪ Mecdiff SDN BHD
Dr. Renuka Garg Designation: Non-Executive Director	48	Indian Companies: ▪ BTSG Awareness Foundation

Name, designation, address, occupation, period of directorship, nationality, current term, date of birth and DIN	Age (years)	Other Directorships
Address: Flat No. C 1/404, Block no. 6, 4th Floor, Paras Urban Park, Rohit Nagar, Huzur, Bhopal, Madhya Pradesh – 462039. Occupation: Professional Period of Directorship: Director since August 22, 2009 Term: Liable to retire by rotation Date of Birth: August 28, 1975 DIN: 02815373		Foreign Companies: ▪ Nil
Chitra Garg Designation: Non-Executive Director Address: Plot No. 3, Somalwada, Pragati Society, Pavbhumi, Somalvada Nagpur, Khamla Nagpur, Maharashtra – 440025, India. Occupation: Business Period of Directorship: Director since December 05, 2023 Term: Liable to retire by rotation Date of Birth: June 12, 1953 DIN: 01784644	70	Indian Companies: ▪ Diffusion Super Conditioning Services Private Limited ▪ N K Garg Foundation Foreign Companies: ▪ Nil
Anita Vijayakar Designation: Independent Director Address: Plot No. 07, Krishna Vatika, Amravati road, Shankar Nagar, Opp Law college Tilak Nagar, Nagpur Maharashtra – 440010 Occupation: Self Employed Period of Directorship: Director since August 09, 2014 Term: 5 years with effect from September 14, 2019 Date of Birth: December 19, 1964	59	Indian Companies: ▪ Edisphere Software Private Limited ▪ N K Garg Foundation. Foreign Companies: ▪ Nil

Name, designation, address, occupation, period of directorship, nationality, current term, date of birth and DIN	Age (years)	Other Directorships
DIN: 01190200		
Ajay Jain Designation: Independent Director Address: EMP – 49, Flat No. 802, Thakur Village, Kandivali East, Mumbai, Maharashtra – 400101 Occupation: Self Employed Period of Directorship: Director since August 22, 2009 Term: 5 years with effect from September 14, 2019 Date of Birth: July 02, 1965 DIN: 02815416	58	Indian Companies: - Prasol Chemicals Limited Foreign Companies: - NIL
Anil Trigunayat Designation: Independent Director Address: B-701, Ridgeview IFS Apartments, Plot No. GH – 87, Opposite Ansal University, Sector – 54, Gurgaon Sector – 56, Haryana – 122011, India Occupation: Service Period of Directorship: November 30, 2023 Term: 5 years with effect from November 30, 2023 Date of Birth: April 07, 1956 DIN: 07900294	67	Indian Companies: - Wapcos Limited Foreign Companies: - NIL

Brief profiles of our Directors:

Prashant Garg aged 40 years, is the Chairman and Managing Director of our Company. He holds a bachelor's degree in engineering from Rashtrasant Tukadoji Maharaj Nagpur University and a master's degree in business administration from Said Business School, University of Oxford. He has been associated with the Company since 2003 and he has approx. 20 years of experience in the industry we operate. Currently he is responsible for the day-to-day affairs, he also looks after new product development, infusion and upgradation of technology in operations and production process of our Company. He has been responsible

for innovations in the manufacturing process and addition of new product lines in the business. He is also acting as the director on the Board of our overseas subsidiary companies.

Dr Renuka Garg aged 48 years, is the Non-Executive Director of our Company. She holds a master's degree in M.B.B.S from Nagpur University. She has also completed her Post-Graduate Diploma in Medicine Radiology-Diagnosis. She has worked in the Bhopal Memorial Hospital & Research Centre and Jawaharlal Nehru Cancer Hospital, Bhopal. She is currently the proprietor of the Care Sonography and Doppler Clinic situated in Bhopal.

Chitra Garg aged 70 years, is the Non-Executive Director of our Company. She holds a master's degree in arts (Geography) from Agra University. She is currently also on the board of our subsidiary i.e. Diffusion Super Conditioning Services Private Limited since 1995.

Ajay Jain aged 58 years, is the Independent Director of our Company. He holds a bachelor's degree in chemical engineering from Indian Institute of Technology, Mumbai. He is certified by the Theory of Constraints – International Certification Organization (TOC-ICO) as a Theory of Constraints (TOC) expert in the areas of Project Management, Supply Chain Logistics and Theory of Constraints Fundamentals. He has acted as the Independent Director on the board of various companies and has been responsible for Critical Chain Project Management Projects for various large scale industries. He has been on our Board of Directors since 2009 and plays a vital role in guiding the Board on taking strategic decisions in production and logistics matters.

Anita Vijayakar aged 59 years, is the Independent Director of our Company. She holds a master's degree in psychology from Nagpur University and a Diploma in Industrial Relations and Personnel Management from Bhavan's Bhagwandas College of Commerce and Management. She is the proprietor and principal consultant of her Human Resources firm named which specializes in psychometric assessments & corporate training. In addition to the guidance provided by her to our Company as an Independent Director on the Board she also provides guidance with regard to Human Resources related aspects of the Company.

Anil Trigunayat aged 67 years, is the Independent Director of our Company. He holds a master's degree in science (Physics) from Agra University and a Diploma in Foreign Services Programme from Oxford University. He was associated with the Government of India as an Ambassador of the Country and has been served in various capacities throughout his service and retired from service as India's Ambassador to Libya and Jordan and High Commissioner to Malta in 2016. He is a Director on the Board of Wapcos Limited.

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 our directors, Key Managerial Personnel or Senior Management Personnel were selected as a Director, Key Managerial Personnel or member of a senior management as on the date of this Draft Red Herring Prospectus.

Relationships between our Directors and Key Managerial Personnel and Senior Management

Except as stated below, none of our Directors, Key Managerial Personnel and Senior Management are related to each other:

Name of Director	Name of Relative	Nature of Relationship
Prashant Garg	Chitra Garg	Mother
	Dr. Renuka Garg	Brother's Spouse
Dr. Renuka Garg	Chitra Garg	Mother-in-Law

Remuneration details of our Directors:

Remuneration details of our Executive Directors

Prashant Garg

Prashant Garg is the Chairman and Managing Director of our Company. He has been associated with our Company since November 2003 and has been appointed as the Managing Director of our Company for a period of 5 (five) years commencing from March 16, 2020. His terms and conditions of appointment have been approved by the Board on November 30, 2023 and consequently by the members of the Company on December 07, 2023.

He is entitled to receive the following remuneration and other employee benefits with effect from November 30, 2023:

Particulars	Remuneration (₹)
Salary	₹ 24 Million p.a.
Perquisites and Allowances	₹ 2.5 Million p.a.*
Sitting Fees	₹ 0.03 Million for each meeting
*Other benefits like Car with Driver, Leave encashment, Insurance, other perquisites, benefits, allowances, reimbursement etc. as provided in his service agreement.	

He has received an aggregate remuneration of ₹16.94 Million (including ₹16.64 million as salary and ₹0.29 million as perquisite/allowances) in the financial year 2022-23.

Sitting Fees and Commission to Non-Executive Directors and Independent Directors

Pursuant to a resolution passed by our Board on December 13, 2023, our non-executive directors are entitled to receive a sitting fee of ₹35,000/- for attending each meeting of our Board and ₹5,000/- for attending each committee meeting.

The details of sitting fees paid to our Non-Executive Directors during financial year 2022-23 are as follows:

Sr. No.	Name of the Director	Sitting Fees paid (₹ in million)
1.	Dr. Renuka Garg	0.14
2.	Chitra Garg*	-
3.	Ajay Jain	0.14
4.	Anita Vijayakar	0.14
5.	Anil Trigunayat**	--

*Appointed as Non-Executive Director with effect from December 05, 2023

** Appointed as Independent Director with effect from November 30, 2023

Further, pursuant to a resolution passed by our Board on March 20, 2021 our Non-Executive Director(s), are entitle to commission in the following manner:

Sr. No.	Name of the Director	Commission (₹ in million)
1.	Dr. Renuka Garg	0.35
2.	Chitra Garg	0.35
3.	Ajay Jain	0.35
4.	Anita Vijayakar	0.35
5.	Anil Trigunayat	0.35

The details of commission paid to Executive and Non-Executive Director during financial year 2022-23 are as follows:

Sr. No.	Name of the Director	Commission paid (₹ in million)
1.	Prashant Garg*	2.50
2.	Dr. Renuka Garg	0.35
3.	Chitra Garg**	-
4.	Ajay Jain	0.35
5.	Anita Vijayakar	0.35
6.	Anil Trigunayat***	-

*As per the resolution passed by the members of the Company on December 07, 2023, Prashant Garg is not entitled to receive commission for the year 2023-24 onwards.

**Appointed as Non-Executive Director with effect from December 05, 2023

*** Appointed as Independent Director with effect from November 30, 2023

Contingent and deferred compensation payable to our Directors, Key Management Personnel and Senior Management

None of our Directors, Key Managerial Personnel and Senior Management were entitled for any contingent or deferred compensation for the financial year 2022-23.

Remuneration paid or payable from our Subsidiaries or Associates

Our Company has five subsidiary companies, and two associate companies and Prashant Garg as well as Chitra Garg are director of the subsidiary and associate companies, as stated above, and are entitled to receive remuneration from our subsidiary and associate companies, including any contingent or deferred compensation accrued for financial year 2022-23.

Loans to Directors

None of our Directors have availed any loan from our Company.

None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

Bonus or profit-sharing plan for the Directors

Our Company does not have any bonus or profit-sharing plan for our Directors.

Shareholding of our Directors in our Company

Our AoA does not require our Directors to hold any qualification shares.

Except as mentioned below, none of our Directors hold Equity Shares in our Company as on the date of this Draft Red Herring Prospectus:

Particulars	Pre-Issue	
	Number of Shares	Percentage (%) holding
Prashant Garg	10,445,099	37.27%
Chitra Garg	6,130,971	21.88%
Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	1.88%
Ajay Jain	92,400	0.33%
Anita Vijayakar	3,500	0.01%
Total	17,198,937	61.37%

Service contracts with directors

There are no service contracts entered into with any of our directors which provide for any benefit upon termination of employment.

Payment or benefits to officers of our Company (non-salary related)

Except as stated under “*Remuneration details of our directors*”, “*Remuneration details of our non-executive directors (including independent directors)*”, and “*Bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management*” no amount or benefit has been paid or given in the last two (2) years preceding the date of this Draft Red Herring Prospectus to any officer of our Company including our Directors, Key Management Personnel and Senior Management.

For further details, please refer to “*Financial Information- Note 37 – Related Party Transactions*” on page 324 of this Draft Red Herring Prospectus.

Appointment of relatives of our directors to any office or place of profit

Other than as disclosed in this Draft Red Herring Prospectus, none of the relatives of our directors currently hold any office or place of profit in our Company.

Interest of our directors

Our Directors are interested in our Company in the following manner:

All our Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them, as well as sitting fees and commission, if any, payable to them for attending meetings of our Board and committees thereof.

Our Directors may be deemed as interested in our Company to the extent of the Equity Shares held by them or any Equity Shares that may be subscribed by or allotted to them from time to time. The Directors may

also be regarded as interested in the Equity Shares held by them or by their relatives, if any, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. For further details, please refer to chapter titled “*Our Management – Shareholding of directors in our Company*” and “*Capital Structure*” on pages 271 and 100 respectively of this Draft Red Herring Prospectus. Our Directors may also be deemed to be interested to the extent of any dividend, if any, payable and other distributions in respect of the Equity Shares held by them.

Some of our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any entity which is promoted by them or in which they are members or in which they hold directorships or any partnership firm in which they are partners in the ordinary course of business, including for purchase of packaging materials. For further details, please see “*Financial Information- Note 37 – Related Party Transactions*” on page 324.

Except for Prashant Garg, Dr. Renuka Garg and Chitra Garg who may be deemed to be interested in the promotion or formation of our Company, none of our Directors have any interest in promotion or formation of our Company. For further details, please refer to chapter titled “*Our Promoter and Promoter Group*” beginning on page 286 of this Draft Red Herring Prospectus.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as a Director, or otherwise for services rendered by him/her or by such firm or company, in connection with the promotion or formation of our Company.

Interest in land and property

Except as disclosed in this Draft Red Herring Prospectus, none of our Directors are interested in any property acquired by our Company or proposed to be acquired by our Company.

Except as disclosed in this Draft Red Herring Prospectus, none of our Directors have any interest in any transaction with our Company for acquisition of land, construction of building and supply of machinery, etc.

Business Interest

Except as stated in “*Financial Information- Note 37 – Related Party Transactions*” on page 324 and otherwise disclosed in this section, our Directors do not have any other business interest in our Company.

Confirmations

None of our Directors are and have not been, during the five years preceding the date of this Draft Red Herring Prospectus, a Director on the board of any listed company whose shares have been or were suspended from being traded on the BSE or NSE during their term of directorship in such company.

None of our Directors were or are directors on the board of listed companies which have been or were delisted from any stock exchange(s) during their term of directorship in such company.

No consideration, either in cash or shares or in any other form has been paid or agreed to be paid to any of our directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce them to become or to help them qualify as a director, or otherwise for services rendered by them or

by the firm, trust or company in which he is interested, in connection with the promotion or formation of our Company.

Changes in our Board during the last three years

The changes in our Board during the three years immediately preceding the date of this Draft Red Herring Prospectus are as follows:

Name of Director	Date of Change	Reason for Change
Chitra Garg	December 07, 2023	Change in designation from Additional Non-Executive Director to Non-Executive Director.
Anil Trigunayat	December 07, 2023	Change in designation from Additional Independent Director to Independent Director.
Chitra Garg	December 05, 2023	Appointment as Additional Non-Executive Director
Anil Trigunayat	November 30, 2023	Appointment as Additional Independent Director

Borrowing Powers of our Board of Directors

Pursuant to our Articles of Association, resolution passed by our Board at their meeting held on December 18, 2018 and resolution passed by our Shareholders at their meeting held on December 28, 2018, our Board is authorized to borrow, enhance and grant facility for the general, working capital and such other corporate purposes, from time to time as deemed by it to be requisite and proper, such that the monies to be borrowed together with the monies already borrowed by our Company do not exceed ₹2,000 million (Rupees Two Thousand Million) in excess of the aggregate of the paid share capital and free reserves of our Company as per its latest annual audited financial statements, apart from temporary loans obtained from the bankers of our Company in the ordinary course of business.

Further, pursuant to the resolution passed by our Board at their meeting held on December 18, 2018 and resolution passed by our Shareholders at their meeting held on December 28, 2018, the Board has been authorized to mortgage/ charge/ hypothecate all or any of the immoveable or moveable properties of the Company including under hire purchase scheme both present and future and/ or whole or substantially the whole of the undertaking or undertakings of the Company on such terms and conditions as the Board may deem fit, for securing any loans and/or advances already obtained or that may be obtained from bank(s), financial institution(s), others, entities or any combination thereof from time to time and at any time and in one or more tranches. However, the total underlying charge created/to be created shall not exceed 2,000 million (Rupees Two Thousand Million) at any time.

Corporate Governance

In addition to the Companies Act, 2013, the provisions of the SEBI Listing Regulations with respect to corporate governance, will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the corporate governance requirements prescribed under SEBI Listing Regulations and the Companies Act, particularly, in relation to composition of our Board of Directors and constitution of board level committees.

Our Board of Directors is constituted in compliance with the Companies Act and the SEBI Listing Regulations. The Board functions either as a full board or through various committees constituted to oversee specific functions. Our executive management provides our Board detailed reports on its performance periodically.

As on the date of this Draft Red Herring Prospectus, our Company currently has 6 (six) Directors on its Board. In compliance with the requirements of the Companies Act and Regulation 17 of the SEBI Listing Regulations, we have 1 (one) executive director who is the Chairman and the Managing Director, 2 (two) Non-Executive Director (both of whom are women) and 3 (three) Independent Directors out of which one is a women director.

Committees of the Board:

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013 or other applicable laws, our Company has constituted the following Board-level committees:

- (i) Audit Committee.
- (ii) Nomination and Remuneration Committee.
- (iii) Stakeholders' Relationship Committee
- (iv) Risk Management Committee
- (v) Corporate Social Responsibility Committee

Audit Committee

The Audit Committee was constituted by our Board at its meeting held on September 22, 2014 and the terms of reference of the Audit Committee were revised by our Board during their meeting held on December 13, 2023. The Audit Committee is in compliance with Section 177 and other applicable provisions of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The Audit Committee currently comprises:

Name	Position in the Committee	Designation
Ajay Jain	Chairman	Independent Director
Anita Vijayakar	Member	Independent Director
Prashant Garg	Member	Managing Director

Scope and terms of reference:

The Audit Committee shall be responsible for, among other things, as may be required by the Stock Exchange(s) from time to time, the following:

Powers of Audit Committee:

1. *to investigate any activity within its terms of reference.*
2. *to seek information from any employee of our Company.*
3. *to obtain outside legal or other professional advice; and*
4. *to secure attendance of outsiders with relevant expertise, if it considers necessary; and*

5. to approve the disclosure of the Key Performance Indicators to be disclosed in the documents in relation to the initial public offering of the equity shares of the Company.

Role of Audit Committee:

The role of the Audit Committee shall include the following:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation to the Board for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and fixation of the audit fee;
3. approve payment to statutory auditors for any other services rendered by the statutory auditors;
4. review, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause I of sub-section (3) of Section 134 of the Companies Act;
 - 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. modified opinion(s) in the draft audit report;
5. review, with the management, the quarterly, half-yearly and annual financial statements before submission to the board for approval;
6. review, 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. formulating a policy on related party transactions, which shall include materiality of related party transactions and the definition of material modifications of related party transactions;
9. subject to and conditional upon approval of our Board, approval of related party transactions or subsequent modifications thereto and omnibus approval for related party transactions proposed to be entered into by our Company, subject to conditions as may be prescribed;
Provided that only those members of the committee, who are Independent Directors, shall approve related party transactions;
Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act.
10. subject to review by our Board, review on quarterly basis, of related party transactions entered into by our Company pursuant to each omnibus approval given pursuant to 8 above;
Provided that only those members of the committee, who are Independent Directors, shall approve related party transactions;

Explanation: The term “related party transactions” shall have the same meaning as provided in Clause 2(zc) of the SEBI LODR Regulations and/or the applicable Accounting Standards and/or the Companies Act.

11. approval of related party transactions to which the subsidiary(ies) of the Company is a party but the Company is not a party, if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, subject to such other conditions prescribed under the SEBI Listing Regulations;
12. scrutinize inter-corporate loans and investments;
13. valuation of undertakings or assets of the Company, wherever it is necessary;
14. evaluation of internal financial controls and risk management systems;
15. review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
16. review 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;
17. discussion with internal auditors of any significant findings and follow up there on;
18. review 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;
19. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
20. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
21. to review the functioning of the whistle blower mechanism;
22. monitoring the end use of funds through public offers and related matters;
23. oversee the vigil mechanism established by our Company, with the chairman of Audit Committee directly hear grievances of victimization of employees and directors, who use vigil mechanism to report genuine concerns in appropriate and exceptional cases;
24. approve the appointment of chief financial officer (i.e the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
25. review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
26. consider and comment on rationale, cost-benefit and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
27. carrying out any other function as is mentioned in the terms of reference of the audit committee and any other terms of references as may be decided by the board of directors of our company or specified/provided under the Companies Act or by the SEBI LODR Regulations or by any other regulatory authority.
28. To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.

29. oversee the procedures and processes established to attend to issues relating to the maintenance of books of accounts, administrations procedures, transactions and other matters having a bearing on the financial position of our company, whether raised by the auditors or by any other person;
30. Act as a compliance committee to discuss the level of compliance in our Company and any associated risks and to monitor and report to the Board on any significant compliance breaches;

The Audit Committee shall mandatorily review the following information:

- a. management discussion and analysis of financial condition and results of operations;
- b. management letters / letters of internal control weaknesses issued by the statutory auditors;
- c. internal audit reports relating to internal control weaknesses; and
- d. the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- e. statement of deviations:
 - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7)

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was re-constituted by our Board at its meeting held on December 13, 2023 and at the same meeting the terms of reference of the Nomination and Remuneration Committee were approved by our Board. The Nomination and Remuneration Committee is in compliance with Section 178 and other applicable provisions of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The Nomination and Remuneration Committee currently comprises:

Name	Position in the Committee	Designation
Anita Vijayakar	Chairperson	Independent Director
Ajay Jain	Member	Independent Director
Dr. Renuka Garg	Member	Non-Executive Director
Chitra Garg	Member	Non-Executive Director

Scope and terms of reference:

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees
2. for appointment of an independent directors, evaluation of the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, preparation of a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

- a. use the services of an external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
3. formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. devising a policy on diversity of board of directors
5. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
6. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. recommend to the board, all remuneration, in whatever form, payable to senior management.
8. the Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that –
 - a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of our Company and its goals.
9. perform such functions as required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, including the following:
 - a. administering the employee stock option plans of our Company, as may be required;
 - b. determining the eligibility of employees to participate under the employee stock option plans of our Company;
 - c. granting options to eligible employees and determining the date of grant;
 - d. determining the number of options to be granted to an employee;
 - e. making allotment pursuant to the employee stock option plans;
 - f. determining the exercise price under the employee stock option plans of our Company; and
 - g. construing and interpreting the employee stock option plans of our Company and any agreements defining the rights and obligations of our Company and eligible employees under the employee stock option plans of our Company, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the employee stock option plans of our Company.
10. frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, our Company and its employees, as applicable.
11. performing such other activities as may be delegated by the Board or specified or provided under the Companies Act or the SEBI LODR Regulations, and the rules and regulations made thereunder or other applicable law, including any amendments thereto as may be made from time to time.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by our Board at its meeting held on December 13, 2023. The Stakeholders' Relationship Committee is in compliance with Section 178 and other applicable provisions of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently comprises of:

Name	Position in the Committee	Designation
Ajay Jain	Chairperson	Independent Director
Prashant Garg	Member	Managing Director
Dr. Renuka Garg	Member	Non-Executive Director

The Stakeholders' Relationship Committee shall oversee all the matters pertaining to investors of our Company. The scope and function of the Stakeholders' Relationship Committee and its terms of reference shall include the following:

- consider and look into various aspects of interest of shareholders, debenture holders and other security holders;
- consider and resolve the grievances of security holders of the Company including compliance related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividend, issue of new/duplicate certificates, general meetings etc;
- formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- giving effect to allotment of Equity Shares, approval of transfer or transmission of Equity Shares, debentures or any other securities;
- issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
- monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer / transmission of shares and debentures;
- reference to statutory and regulatory authorities regarding investor grievances;
- reviewing the measures taken for effective exercise of voting rights by the shareholders,
- reviewing adherence to the service standards adopted by the Company with respect to all the services rendered by the Registrar and Share Transfer Agent;
- to dematerialize or rematerialize the issued shares;
- reviewing the measures and initiatives taken by the Company to reduce the quantum of unclaimed dividends;
- Ensuring timely receipt of dividend warrants/ Annual Reports/ Statutory Notices by the Shareholders of the Company; and
- carrying out any other functions required to be carried out by the Stakeholders' Relationship Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Risk Management Committee

The Risk Management Committee was constituted by our Board at its meeting held on December 13, 2023. The Risk Management Committee is in compliance with Regulation 21 of the SEBI Listing Regulations. The Stakeholders' Relationship Committee currently comprises of:

Name	Position in the Committee	Designation
Prashant Garg	Chairman	Managing Director
Ajay Jain	Member	Independent Director
Anil Trigunayat	Member	Independent Director
Abhishek Mehta	Member	Chief Financial Officer

The scope and functions of the Risk Management Committee are in accordance with Regulation 21 of the SEBI Listing Regulations and its terms of reference include the following:

1. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof;
2. To implement and monitor policies and/or processes for ensuring cyber security;
3. To frame, devise and monitor detailed risk management plan and policy of the Company which shall include:
 - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability(particularly ESG related risks),information, cyber security risks, or any other risk as may be determined by the Committee.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business Continuity Plan
4. To review and recommend potential risk involved in any new business plans and processes;
5. To review the Company's risk-reward performance to align with the Company's overall policy objectives;
6. Monitor and review regular updates on business continuity;
7. To seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.
10. Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and
11. Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, or by the Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.
12. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the company;
13. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
14. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
15. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
16. To review the appointment, removal, and terms of remuneration of the Chief Risk Officer (if any).
17. Coordination of activities with other committee, in instances where there is any overlap with the activities of such committees as per the framework laid down by the Board of Directors.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was reconstituted by our Board at its meeting held on December 13, 2023. The Corporate Social Responsibility Committee is in compliance with Section 135 and other applicable provisions of the Companies Act. Corporate Social Responsibility Committee currently comprises:

Name	Position in the Committee	Designation
Anita Vijayakar	Chairperson	Independent Director
Dr. Renuka Garg	Member	Non-Executive Director
Chitra Garg	Member	Non-Executive Director

The terms of reference, powers and scope of the Corporate Social Responsibility Committee of our Company is in accordance with Section 135 of the Companies Act:

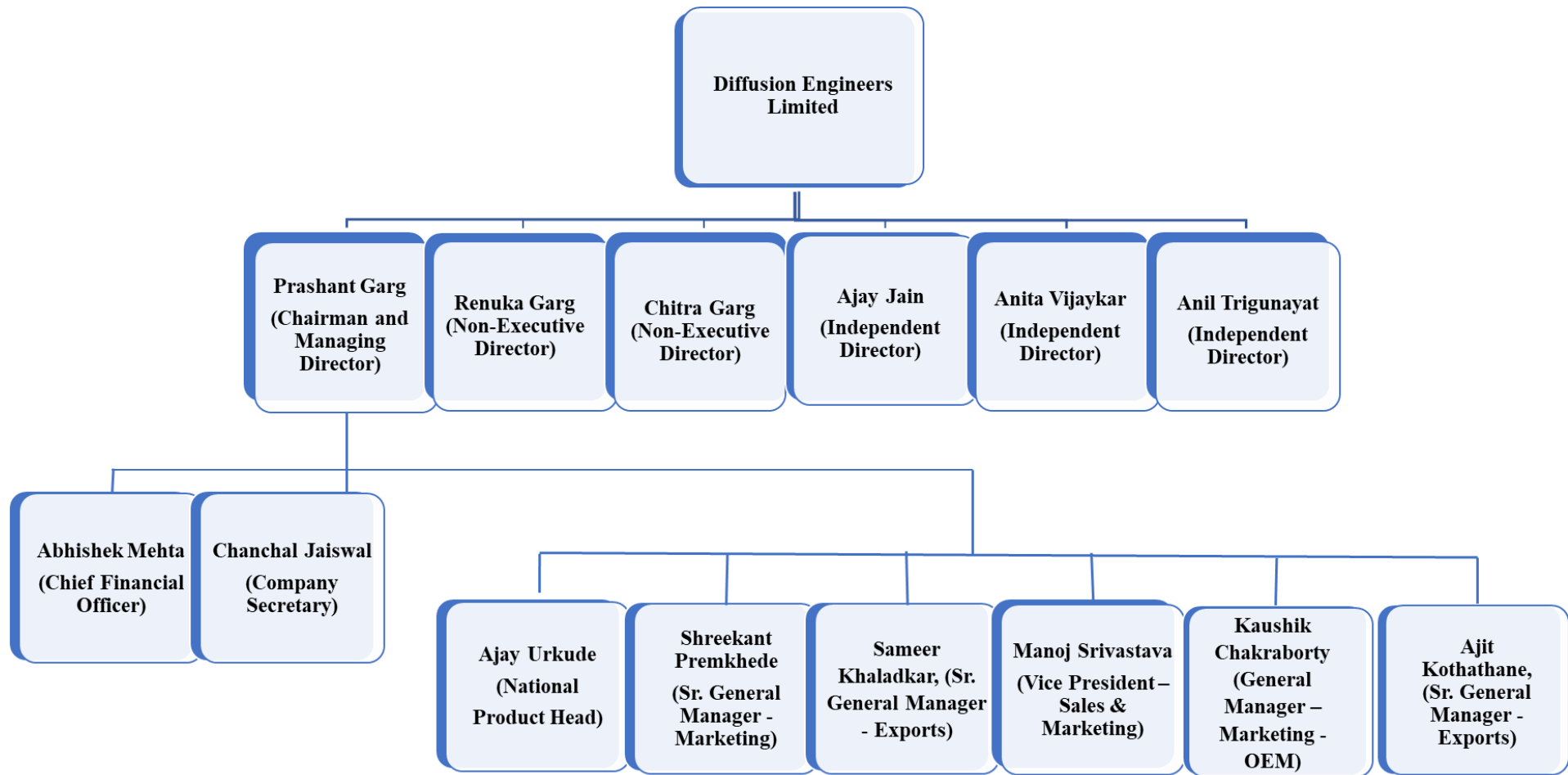
1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy;
2. To recommend activities and the amount of expenditure to be incurred;
3. To monitor the CSR policy from time to time.

Other committees

- (i) Internal Complaints Committee for redressal of sexual harassment complaints

In addition to the committees of our Board detailed above, our Board may, from time to time, constitute committees for various functions.

Management Organization Structure



Key Management Personnel and Senior Management

Key Management Personnel

(i) Prashant Garg, Managing Director (ii) Abhishek Mehta, Chief Financial Officer, and (iii) Chanchal Jaiswal, Company Secretary & Compliance Officer are the Key Managerial Personnel of our Company as on the date of this Draft Red Herring Prospectus.

Brief profiles of our Key Management Personnel

For a brief profile of Prashant Garg, see “*Our Management – Brief Profiles of our Directors*” on page 267 of this Draft Red Herring Prospectus.

Abhishek Mehta has been associated with our Company since July 2020 in the capacity of General Manager – Finance and Accounts. He was appointed as the Chief Financial Officer with effect from June 29, 2023. He is a Chartered Accountant and holds a degree in bachelors of law from Nagpur University. He has experience of more than ten years working in the insurance and banking sector. He has received a remuneration of ₹1.66 million for the financial year 2022-23.

Chanchal Jaiswal is the Company Secretary and Compliance Officer of our Company. She holds a bachelor’s degrees in law and is also an associate member of the Institute of Company Secretaries of India. She has over 1.5 years of experience in secretarial compliance and corporate governance field. She was appointed since June 2023. She has received a remuneration of ₹0.35 million since her association with the Company.

Senior Management Personnel

Brief Profile of our Senior Management Personnel:

Ajay Urkude is General Manager – National Product Head and has been associated with our Company since 2003. He holds B. Tech degree in Mechanical Engineering from J.R.N. Rajasthan Vidyapeeth University. He has experience of more than two decades of working in engineering sector.. In Fiscal 2023, he received a remuneration of ₹ 2.56 million from our Company.

Ajit Kotasthane is Senior General Manager - Exports and has been associated with our Company since November 2018. He holds a diploma in Mechanical Engineering from Government Polytechnic College, Jabalpur. He has experience of more than three decades of working in engineering sector. In Fiscal 2023, he received a remuneration of ₹2.50 million from our Company.

Kaushik Chakraborty is the General Manager – Marketing (OEM) and has been associated with our Company since September 2021. He holds a bachelor’s degree in mechanical engineering from Nagpur University. He has 25 years of experience of working in sales and marketing. In Fiscal 2023, he received a remuneration of ₹2.98 million from our Company.

Manoj Kumar is the Vice President – Sales and Marketing and has been associated with our Company since October 2016. He holds a Diploma in Mechanical Engineering from Institute of Engineering and Rural Technology, Allahabad. He has over three decades of experience of working in sale and marketing

and has previously worked with various engineering companies. In Fiscal 2023, he received a remuneration of ₹2.44 million from our Company.

Sameer Kaladkar is the Senior General Manager – Exports and has been associated with our Company since July 2022. Prior to that, he has been associated with our Company as Sales Engineer from May 1997. He holds a bachelor's in engineering degree in Production from Nagpur University. He has experience of more than two decades working in various departments and designation in our Company. In Fiscal 2023, he received a remuneration of ₹2.23 million from our Company.

Shreekant Premkhede is the Senior General Manager – Marketing and has been associated with our Company since April 2022. Prior to that, he has been associated with our Company as Trainee Sales Engineer since July 1998. He holds bachelor's degree in engineering from Nagpur University. He has experience of more than 2 decades working in various capacities with our Company. In Fiscal 2023, he received a remuneration of ₹ 2.29 million from our Company.

Status of Key Managerial Personnel and Senior Management

All our Key Managerial Personnel and Senior Management are permanent employees of our Company.

Relationship between our Key Management Personnel and Senior Management

Except as disclosed in “-Relationships between our Directors and Key Managerial Personnel and Senior Management” on page 268 of this Draft Red Herring Prospectus, none of our Key Managerial Personnel or Senior Management are related to each other or any of our Directors.

Bonus or profit-sharing plan for the Key Management Personnel and Senior Management

There is no bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management of our Company.

Contingent and deferred compensation payable to Key Managerial Personnel and Senior Management

None of our Key Managerial Personnel and Senior Management were entitled for any contingent or deferred compensation for financial year 2022-23.

Shareholding of Key Management Personnel and Senior Management

Except as disclosed, none of our Key Management Personnel and Senior Management hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Key Managerial Personnel	Shareholding	Percentage of Shareholding
1.	Abhishek Mehta	9,100	0.03%
	Total	9,100	0.03%

Service Contracts with Key Managerial Personnel and Senior Management

Our Key Managerial Personnel and Senior Management have not entered into any other service contracts with our Company.

Further, no officer of our Company is entitled to any benefit upon termination of employment or superannuation, other than statutory benefits.

Interest of Key Management Personnel and Senior Management

Except as provided in “– *Interest of our Directors*” on page 271 and to the extent of the remuneration, benefits, interest of receiving dividends on the Equity Shares held by them, if any, reimbursement of expenses incurred in the ordinary course of business, our Key Managerial Personnel and Senior Management are not interested in any other form of remuneration.

Certain of our Key Managerial Personnel and Senior Management may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they are members or any partnership firm in which they are partners in the ordinary course of business. For further details, please see “*Note 37– Related Party Transactions*” in the chapter titled “*Restated Consolidated Financial Statements*” on page 324.

Arrangements and understanding with major shareholders, customers, suppliers or others

Except as provided in “– Arrangement or understanding with major shareholders, customers, suppliers or others” on page 268, none of our Key Managerial Personnel and Senior Management have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Employee stock option scheme

Our Company does not have any employee stock option plan neither has it issued any shares pursuant to employee stock option scheme.

Changes in Key Management Personnel and Senior Management during the last three years

Changes in our Key Management Personnel and Senior Management during the three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below.

Name	Date of Change	Reasons for Change
Chanchal Jaiswal	June 12, 2023	Appointment as Company Secretary and Compliance Officer
Abhishek Mehta	June 29, 2023	Appointment as Chief Financial Officer

Payment or benefit to officers of our Company

No non-salary related amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

OUR PROMOTER AND PROMOTER GROUP

Our Promoters

As on the date of this Draft Red Herring Prospectus, our Promoters are Prashant Garg, Dr. Nitin Garg and Chitra Garg.

As on the date of this Draft Red Herring Prospectus, our Promoters' shareholding in our Company is as follows:

Category	Number of Equity Shares held	Percentage of pre-Issue paid up capital (%)
Prashant Garg	10,379,551	37.04
Prashant Garg jointly with Neelu Garg	65,548	0.23
Dr. Nitin Garg	6,876,254	24.54
Dr. Nitin Garg jointly with Dr. Renuka Garg	526,967	1.88
Chitra Garg	6,130,971	21.88
Total (A)	23,979,291	85.58

For further details of shareholding of our Promoters and Promoter Group, see "*Capital Structure – Details of shareholding of our Promoters and members of the Promoter Group in our Company*" on page 141.

Individual Promoter(s)



Prashant Garg, aged 40 years, is the Promoter, Chairman and Managing Director of our Company.

Permanent Account Number: AFXPG5623H

For a complete profile of Prashant Garg, i.e., his date of birth, residential address, educational qualification, professional experience, positions held in the past and other directorships, special achievements, please refer to section titled "*Our Management*" beginning on page 265 of this Draft Red Herring Prospectus.



Dr. Nitin Garg, aged 47 years, is the Promoter, of our Company.

Date of Birth: September 17, 1976

Permanent Account Number: AERPG3915P

Address: Flat C-1/404, Paras Urbane Park, Bawadia Kalan, Bhopal, Madhya Pradesh – 462039, India.

Qualification: He holds a degree in Bachelor degree in Medicine and a Bachelor degree in Surgery from Nagpur University. He holds a Masters degree in General Surgery from Manipal Academy of Higher Education. He also has a Fellowship from the University of Pittsburgh.

Professional Experience: He is a neurosurgeon and is also the founder of the BTSG Awareness Foundation India.

Chitra Garg, aged 70 years, is the Promoter, and Non-Executive Director of our Company.

Permanent Account Number: ABQPG8906J



For a complete profile of Chitra Garg, i.e., her date of birth, residential address, educational qualification, professional experience, positions held in the past and other directorships, special achievements, please refer to section titled "*Our Management*" beginning on page 265 of this Draft Red Herring Prospectus.

Our Company confirms that the details of the PAN, Bank Account Number(s), Aadhar card number, driving license number and passport number of our Promoters shall be submitted to the Stock Exchange(s) at the time of filing the Draft Red Herring Prospectus.

Other ventures of our Promoters

Other than as disclosed in “- Promoter Group” and “*Our Management*” on pages 379 and 265, our Promoters are not involved in any other venture.

Interests of our Promoters

Interest in promotion of our Company

Our Promoters are interested in our Company (i) to the extent that they have promoted our Company; (ii) to the extent of their direct and indirect shareholding in our Company, the shareholding of their relatives and entities in which our Promoters are interested and which hold Equity Shares in our Company; (iii) any dividends payable to them and any other distributions in respect to their shareholding in our Company or shareholding of their relatives or such entities. For details pertaining to our Promoter’s shareholding,

please see “*Details of shareholding of our Promoters and members of the Promoter Group in our Company*” on page 102 of this Draft Red Herring Prospectus.

Interest other than in promotion of our Company

Our Promoters, Prashant Garg, and Chitra Garg are interested to the extent of remuneration, commission and reimbursement of expenses payable to them by virtue of being Managing Director and Non-Executive Directors, respectively of our Company. For further information, please refer to chapter titled “*Our Management*” beginning on page 265 of this Draft Red Herring Prospectus.

Interest in property, land, construction of building and supply of machinery, etc.

Our Company has entered into an agreement dated November 28, 2023 for purchase of land located at Gut No. 37 at Khapri (Uma), Kalmeshwar, Nagpur with our Promoters i.e. Prashant Garg, Dr. Nitin Garg and Chitra Garg who were co-owners of the aforesaid property for a purchase consideration of ₹40.00 million.

Except as stated above and further as disclosed under “Note 37 – Related Party Transactions” in the chapter titled “*Restated Consolidated Financial Statements*” on page 324, our Promoters have no interest in any property acquired by our Company in the three years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

Further, except as stated in this Draft Red Herring Prospectus our Promoters have no interest in any transaction by our Company for acquisition of land, Construction of building or supply of machinery.

Interest of our Promoters in our Company arising out of being a member of a firm or company

Our Promoters are not interested as a member in any firm or company which has any interest in our Company. Further, no sum has been paid or agreed to be paid to our Promoters or to such firm or company in which our Promoters are interested as members, in cash or shares or otherwise by any person either to induce our Promoters to become, or qualify them as a director or promoter, as applicable or otherwise for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

No sum has been paid or agreed to be paid to our Promoters or to the firms or companies in which our Promoters are interested as members in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or promoters or otherwise for services rendered by our Promoters or by such firms or companies in connection with the promotion or formation of our Company.

Other Interest and Disclosures

Except as stated under “*Note 37– Related Party Transactions*” in the chapter titled “*Restated Consolidated Financial Statements*” on page 324 of this Draft Red Herring Prospectus, our Company has not entered into any contract, agreements or arrangements or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments have been made to him in respect of the contracts, agreements or arrangements which are proposed to be made with him.

Our Promoters are not related to any sundry debtors of our Company except as disclosed in Restated Consolidated Financial Statements.

Except as disclosed in this Draft Red Herring Prospectus, our Promoters do not have any interest in any venture.

Promoter Group of our Company

In addition to our Promoters, the individuals and entities that form part of the Promoter Group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations are set out below:

(a) Natural Persons who are part of the Promoter Group

Relationship with Promoter	Prashant Garg	Dr. Nitin Garg	Chitra Garg
Spouse	Neelu Garg	Dr. Renuka Garg	Late Narendra Kumar Garg
Father	Late Narendra Kumar Garg	Late Narendra Kumar Garg	Late Uma Shankar Gupta
Mother	Chitra Garg	Chitra Garg	Late Urmila Devi Gupta
Brother	Dr. Nitin Garg	Prashant Garg	Sumant Kumar Gupta Late Sanjeev Kumar Gupta
Sister	-	-	Neelam Gupta Madhu Gupta
Son	Viraj Garg Kabir Garg	Rijul Garg Ranveer Garg	Dr. Nitin Garg Prashant Garg
Spouse's Father	Tikamdas Chhabrani	Jagdish Vohra	Late Devi Charan Garg
Spouse's Mother	Mohini Chhabrani	Ranjit Vohra	Late Kiran Devi Garg
Spouse's Brother	Sunil Chhabrani Kamal Chhabrani Vinod Chhabrani	Rajneesh Vohra Vinay Vohra -	Vinod Kumar Garg - -
Spouse's Sister	-	-	Kalpna Devi Singhal Kamlesh Kumar Sarita Devi Singhla

(b) Entities forming a part of Promoter Group

As on the date of filing of this Draft Red Herring Prospectus, the following entities form part of our Promoter Group:

Sr. No.	Name of Entities
1.	Cenos Health Care Private Limited
2.	BTSG Awareness Foundation
3.	N.K Garg HUF
4.	NK Garg Foundation (Section 8 Company)
5.	Diffusion Super Conditioning Services Private Limited
6.	Diffusion Hernon Adhesive and Sealant Private Limited
7.	Nowelco Industries Private Limited
8.	Diffusion Engineers Singapore Pte Ltd
9.	Diffusion Wear Solutions Philippines Inc
10.	LSN Diffusion Limited
11.	Mecdiff SDN BHD
12.	Benvira Forward Algorithms Private Limited

13.	Devi Kiran Advisory Services LLP
14.	The 21 st Century Builders & Engineers (Sole Proprietorship)
15.	M/s. 21 st Century Steel Structure Private Limited
16.	M/s. Desi Rang(Sole Proprietorship)
17.	M/s. RL Fruit Co. (Sole Proprietorship)
18.	M/s. S Kumar Fruits (Sole Proprietorship)

Other than as disclosed above, our Company has no other companies or entities that form part of our Promoter Group.

Shareholding of the Promoter Group in our Company

For details of shareholding of members of our promoter group as on the date of this Draft Red Herring Prospectus please see chapter titled “*Capital Structure*” on page 100 of this Draft Red Herring Prospectus.

Confirmations

The Company hereby confirms that:

- Our Promoters have not been declared as a Wilful Defaulters or Fraudulent Borrower.
- Our Promoters and members of the Promoter Group are not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
- Our Promoters have not been declared as fugitive economic offender under section 12 of the Fugitive Economic Offender Act, 2018.
- Our Promoters are not and have never been promoters, directors or persons in control of any other company which is prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Related Party Transactions

For details of related party transactions entered into by our Promoters, Promoter Group and our Company during the last financial three years, the nature of transactions and the cumulative value of transactions, please refer to “*Note 37 – Related Party Transactions*” in the chapter titled “*Restated Consolidated Financial Statements*” on page 324 of this Draft Red Herring Prospectus.

Payment or benefits to the Promoters and Promoter Group

Except as stated otherwise under “*Note 37 – Related Party Transactions*” in the chapter titled “*Restated Consolidated Financial Statements*” on page 324 of this Draft Red Herring Prospectus about the related party transactions entered into during the last three (3) financial years as per IND AS 24 and in “*Interest of our Promoters*” disclosed in this Chapter, there has been no other payment or benefit to our Promoters or Promoter Group nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

Disassociation by the Promoters from entities in last three (3) years

Except as stated below, our Promoters have not disassociated themselves from any company or firm in the three years immediately preceding the date of this Draft Red Herring Prospectus

Name of the Company	Name of Promoter	Reason for Disassociation	Date of Disassociation
Diffusion Machines Limited MGM Private	Prashant Garg	Company struck off voluntarily	December 01, 2021
Diffusion Machines Limited MGM Private	Dr. Nitin Garg	Company struck off voluntarily	December 01, 2021

Change in the management and control of our Company

There has been no change in the management or control of our Company during the last five years preceding the date of this Draft Red Herring Prospectus.

Material Guarantees

There are no material guarantees given to third parties by the Promoters with respect to specified securities of the Issuer.

Outstanding Litigation

For details of legal and regulatory proceedings involving our Promoters, please refer chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 365 of this Draft Red Herring Prospectus.

OUR GROUP COMPANIES

In accordance with the SEBI ICDR Regulations, the term ‘group companies’ includes (i) such companies (other than promoter(s) and subsidiary(ies) with which there were related party transactions during the period for which financial information is disclosed in this Draft Red Herring Prospectus, as covered under applicable accounting standards, and (ii) any other company, as considered material by our Board.

Subsequently, for (i) above, our Company has considered companies with which there were related party transactions, during the period for which financial information is disclosed in this Draft Red Herring Prospectus, as covered under the applicable accounting standards.

In addition, for the purposes of (ii) above, the Board pursuant to the materiality policy adopted by the Board pursuant to its resolution dated December 13, 2023 has determined that a company (other than the companies covered under the schedule of related party transactions as per the Restated Consolidated Financial Statements) shall be considered ‘material’ and will be disclosed as a ‘group company’ in the draft offer document and offer documents, if (i) it is a member of the Promoter Group (companies) (other than the Promoters) in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations; and (ii) our Company has entered into one or more transactions with such company during the last completed Fiscal (or relevant Stub period, if applicable), which individually or cumulatively in value exceeds 10% of the revenue from operations of our Company for the last completed Fiscal as per the Restated Consolidated Financial Statements.

Accordingly, as based on the parameters outlined above, as on date of this Draft Red Herring Prospectus, our Company has the following Group Companies:

Sr. No.	Group Companies	Registered Office
1.	Mecdiff Sdn Bhd	16-2-1, Jalan Puteri ¼, Bandar Puteri, Puchong, 47100, Selangor.
2.	LSN Diffusion Limited	Unit A & B, Cilyrychen Industrial Estate, Llandybie, Ammanford, SA18 3GY.
3.	Benvira Forward Algorithms Private Limited	T - 5 & T-6, Hingana Industrial Area, MIDC, Nagpur, Nagpur, Maharashtra, India, 440038.

**Diffusion MGM Machines Private Limited, a group company was struck off on December 01, 2021.*

Details of our Group Companies:

In accordance with the SEBI ICDR Regulations, information with respect to: (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, of the Group Companies determined on the basis of their annual turnover, based on their respective audited financial statements for the preceding three years shall be hosted on their respective websites or the website of our Company as indicated below:

Sr. No.	Group Companies	Website
1.	Mecdiff Sdn Bhd	https://www.diffusionengineers.com/investors-relation
2.	LSN Diffusion Limited	https://www.diffusionengineers.com/investors-relation
3.	Benvira Forward Algorithms Private Limited	https://www.diffusionengineers.com/investors-relation

Our Company has provided links to such websites solely to comply with the requirements specified under the SEBI ICDR Regulations. The information provided on the websites given above should not be relied upon or used as a basis for any investment decision.

Outstanding Litigation involving the Group Companies

As on the date of this Draft Red Herring Prospectus, our Group Companies are not party to any pending litigation which may have a material impact on our Company.

Common Pursuits of Group Companies and our Company

Some of our Group Companies have common pursuits with our Company and are authorized to engage in similar business to that of our Company as on the date of this Draft Red Herring Prospectus. Our Company will adopt the necessary procedure and practices as permitted by law to address any conflict situation, if and when they arise. For further details in relation to risks involving the common pursuits, see “*Risk Factor No. 29- Conflict of interest may arise as some of our Group Companies and Subsidiaries are authorized to carry on similar line of business as our Company which may lead to real or potential conflicts of interest for our Promoters or Directors*” on page 57 of this Draft Red Herring Prospectus.

Business and other interests

Except as disclosed under *Note 37 – Related Party Transactions*” under the chapter “*Restated Consolidated Financial Statements*” on page 324, none of our Group Companies have any business or interest in our Company.

Related business transactions with our Group Companies and significance on the financial performance of our Company

Other than the transactions as disclosed under *Note 37 – Related Party Transactions*” under the chapter “*Restated Consolidated Financial Statements*” on page 324 there are no other related business transactions between our Company and our Group Companies which are significant for the financial performance of our Company.

Nature and extent of interests of our Group Companies

As on the date of this Draft Red Herring Prospectus, our Group Companies do not have any interest in the promotion or formation of our Company. Our Group Companies do not have any interest in the properties which has been acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by it as on the date of this Draft Red Herring Prospectus. Our Group Companies do not have any interest in any transaction for the acquisition of land, construction of building, or supply of machinery. Except as stated in “*Restated Consolidated Financial*

Statements – Note 37- Related Party Transactions” on page 324 of this Draft Red Herring Prospectus, none of our Group Companies have any business interest in our Company.

Utilisation of Issue Proceeds

Except as disclosed in “*Objects of the Issue*” on page 146, there are no material existing or anticipated transactions with our Group Companies in relation to utilisation of the Issue Proceeds.

Certain Other Confirmations

None of the securities of our Group Companies are listed on any stock exchange. None of our Group Companies have listed debt securities. None of our Group Companies have made any public or rights issue in the three immediately preceding years.

DIVIDEND POLICY

As on the date of this Draft Red Herring Prospectus, the Company does not have a formal dividend policy. The declaration and payment of dividends on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and the applicable laws including the Companies Act, read with the rules notified thereunder, each as amended. We may retain all our future earnings, if any, for purposes to be decided by our Company, subject to compliance with the provisions of the Companies Act.

The quantum of dividend, if any, will depend on a number of factors, including but not limited to profits earned and available for distribution during the relevant Financial Year/Fiscal, accumulated reserves including retained earnings, expected future capital/expenditure requirements, organic growth plans/expansions, proposed long-term investment, capital restructuring, debt reduction, crystallization of contingent liabilities, cash flows, current and projected cash balance, and external factors, including but not limited to the macro-economic environment, regulatory changes, technological changes and other factors like statutory and contractual restrictions.

Particulars	Fiscals		
	2023	2022	2021
Face value per shares	10.00	10.00	10.00
Dividend	11.21	14.96	14.96
Dividend per share (₹)	4	4	4
Rate of Dividend (%)	40%	40%	40%

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under our current or future loan or financing documents. The amounts declared as dividends in the past are not necessarily indicative of our dividend amounts, if any, in the future. For more information on restrictive covenants under our current loan agreements, see “*Financial Indebtedness*” on page 362. There is no guarantee that any dividends will be declared or paid. For details, see “*Risk Factors no.51 – Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.*” on page 70 of this Draft Red Herring Prospectus.

For further details, please refer to section titled “*Financial Information*” beginning on page 296 of this Draft Red Herring Prospectus.

SECTION V – FINANCIAL INFORMATION

RESTATED CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors
Diffusion Engineers Limited
T-5 & 6, MIDC, Hingana Nagpur
Maharashtra, Pin- 440016.

Independent Auditors' Examination Report on Restated Financial for the quarter ended June 30th, 2023 and for the years ended 31st March, 2023, 31st March 2022 and 31st March 2021, in connection with the Initial Public Offering of Diffusion Engineers Limited

Dear Sirs,

1. This report is issued in accordance with the terms of our engagement letter dated 1st Sept 2023.
2. We have examined the attached Restated Ind AS Consolidated Financial Information of Diffusion Engineers Limited (the "Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), comprising
 - a. The Restated Consolidated Statement of Assets and Liabilities as at June 30th, 2023, March 31st, 2023, March 31st, 2022 and March 31st, 2021.
 - b. The Restated Consolidated Statements of Profit and Loss (including other comprehensive income) June 30th, 2023 for the quarter ended and the years ended March 31st, 2023, March 31st, 2022 and March 31st, 2021.
 - c. The Restated Consolidated Statement of Changes in Equity for the quarter ended June 30th, 2023 and the years ended March 31st, 2023, March 31st, 2022 and March 31st, 2021.
 - d. The Restated Consolidated Cash Flow Statement for the quarter ended June 30th, 2023 and the years ended March 31st, 2023, March 31st, 2022 and March 31st, 2021.
 - e. The Summary Statement of Significant Accounting Policies, and other explanatory information and for the quarter ended June 30th, 2023 and the years ended March 31st, 2023, March 31st, 2022 and March 31st, 2021 (hereinafter together referred to as the "Restated Consolidated Financial Information") as approved by the Board of Directors of the Company at their meeting held on 30th Nov, 2023, for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and the Prospectus (the "Prospectus") prepared by the Management of the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:
 - i. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
 - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
 - iii. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Management's Responsibility for the Restated Consolidated Financial Information

3. The Management of company is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP, RHP and the Prospectus (hereinafter collectively referred to as the "Offer Documents") to be filed with Securities and Exchange Board of India, relevant stock exchanges and Registrar of Companies, Mumbai at Maharashtra in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2.1 to the Restated Consolidated Financial Information. The respective Board of Directors of the company's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

Auditor's Responsibilities

4. Our work has been carried out considering the concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information in accordance with the Guidance note on Reports in Company Prospectuses (Revised 2019) and other applicable authoritative pronouncement issued by the Institute of Chartered Accountants of India and pursuant to the requirement of Section 26 of the Companies Act and the SEBI ICDR Regulations. Our work was performed solely to assist you in meeting your responsibility in relation to your compliance with the Act, SEBI ICDR and the Guidance Note in connection with the proposed IPO.
5. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. These Restated Consolidated Financial Information has been prepared by the Company's management from:
 - a) The Consolidated Financial Statements of the Group as at and for the Quarter ended June 30th, 2023 along with comparative audited consolidated financial statements for the year ended March 31st, 2023 (the "Consolidated Financial Statements") which have been approved by the Board of Directors at their meeting held on 30th Nov 2023
 - b) The Consolidated Financial Statements of the Group as at and for the year ended March 31st, 2023 along with comparative audited consolidated financial statements for the year ended March 31st, 2022 (the "Consolidated Financial Statements") which have been approved by the Board of Directors at their meeting held on August, 17th, 2023.
 - c) The Consolidated Financial Statements of the Group as at and for the year ended March 31st, 2022 along with comparative audited the Restated consolidated financial statements for the year ended March 31st, 2021 (the "Consolidated Financial Statements") which have been approved by the Board of Directors at their meeting held on September, 21st, 2022.
 - d) The Consolidated Financial Statements of the Group as at and for the year ended March 31st, 2021, along with comparative audited consolidated financial statements for the year ended March 31st, 2020 (the "Consolidated Financial Statements") which have been approved by the Board of Directors at their meeting held on September 24th, 2021.
 - e) The audited special purpose Consolidated Financial Statements as at and for the year ended March 31st, 2022, for the year ended March 31st, 2021 and for the year ended March 31st, 2020, approved by the Board of Directors at their meeting held on June 29th 2023.

7. For the purpose of our examination, we have relied on:

a) We did not audit the standalone financial statements of the Company for the year ended March 31st, 2022 and March 31st, 2021, where share of total assets (before consolidation adjustments), total revenues (before consolidation adjustments) and net cash flows inflows / (outflows) (before consolidation adjustments) for both the years have been given in the table below. The standalone financial statements of the Company for the years ended March 31st, 2022 and March 31st, 2021, have been audited by the auditors mentioned below and whose reports have been furnished to us by the company's management and our auditors' report referred to in above para 5, in so far as it relates to the said years is based solely on the audit reports of the other auditors.

(In lakhs)

Diffusion Engineers Ltd	Auditors	Total Assets	Total Revenue	Net Cash Flow
FY 2021-22	P.R Bhuta & Co	18,306.84	19,917.85	249.37
FY 2020-21	P.R Bhuta & Co	15,346.66	15406.26	402.80

b) We did not audit the standalone financial statements of subsidiaries, Nowelco Industries Pvt. Ltd., Diffusion Super-Conditioning Services Pvt. Ltd., Diffusion Hernon Adhesive & Sealants Pvt Ltd, for the Quarter end June 30th, 2023, year ended March 31st 2023, March 31st, 2022 and March 31st, 2021, where share of total assets (before consolidation adjustments), total revenues (before consolidation adjustments) and net cash flows inflows / (outflows) (before consolidation adjustments) for both the years have been given in the table below. The financial statements of this subsidiary have been audited by other auditors, mentioned below, and whose reports for the Quarter end June 30th, 2023, year ended March 31st 2023, March 31st, 2022 and March 31st, 2021 have been furnished to us by the Company's management and our Auditor's Report dated November 30th, 2023 on the Special Purpose Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in the Special Purpose Restated Consolidated Ind AS Financial Statements are based solely on the audit report of the other auditors; and

(In lakhs)

Quarter end 30th June 2023	Auditors	Total Assets	Total Revenue	Net Cash Flow
Nowelco Industries Pvt. Ltd	CA. Devendra C. Ghatge	379.63	630.46	1.01
Diffusion Super-Conditioning Services Pvt. Ltd	P N Gupta Chartered Accountant	229.42	209.88	24.33
Diffusion Hernon Adhesive & Sealants Pvt Ltd	P N Gupta Chartered Accountant	37.46	5.61	5.28

Yearend 31st March 2023	Auditors	Total Assets	Total Revenue	Net Cash Flow
Nowelco Industries Pvt. Ltd	CA. Devendra C. Ghat	426.18	1130.21	1.02
Diffusion Super-Conditioning Services Pvt. Ltd	P N Gupta Chartered Accountant	197.87	527.79	26.73
Diffusion Hernon Adhesive & Sealants Pvt Ltd	P N Gupta Chartered Accountant	39.64	20.45	5.65

Year end 31st March 2022	Auditors	Total Assets	Total Revenue	Net Cash Flow
Nowelco Industries Pvt. Ltd	CA. Devendra C. Ghat	294.77	850.68	0.51
Diffusion Super-Conditioning Services Pvt. Ltd	P N Gupta Chartered Accountant	285.60	142.97	40.64
Diffusion Hernon Adhesive & Sealants Pvt Ltd	P N Gupta Chartered Accountant	47.07	19.11	4.58

Year end 31st March 2021	Auditors	Total Assets	Total Revenue	Net Cash Flow
Nowelco Industries Pvt. Ltd	CA. Devendra C. Ghat	276.84	425.30	0.91
Diffusion Super-Conditioning Services Pvt. Ltd	P N Gupta Chartered Accountant	70.99	8.49	20.26
Diffusion Hernon Adhesive & Sealants Pvt Ltd	P N Gupta Chartered Accountant	45.44	27.83	5.27

C) We did not audit the standalone financial statements of the subsidiary Diffusion engineers Singapore Pte. Ltd. Quarter ended June 30th, 2023 and the years ended March 31st, 2023, March 31st, 2022 and March 31st, 2021, where share of total assets (before consolidation adjustments), total revenues (before consolidation adjustments) and net cash flows inflows / (outflows) (before consolidation adjustments) for the respective years have been given in the table below. The financial statements of these subsidiaries have been audited by other auditors, mentioned below, and whose reports for the Quarter ended June 30th, 2023, years ended March 31st, 2023, March 31st, 2022 and March 31st, 2021 have been furnished to us by the Company's management and our Auditor's Report dated September 15th, 2023 on the Special Purpose Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in the Special Purpose Consolidated Ind AS Financial Statements are based solely on the audit reports of the other auditors.

Further, these subsidiary are located outside India, whose financial statements the Quarter ended June 30th, 2023 for years ended March 31st, 2023, March 31st, 2022 and March 31st, 2021 have been prepared in accordance with accounting principles generally accepted in that country and which have been audited by the other auditors under generally accepted auditing standards applicable in that country. The Company's management has converted the financial statements of these subsidiaries located outside India. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India for the said years is based solely on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us

(In USD)

Diffusion Engineers Singapore Pte. Ltd	FY	Auditor	Total Assets	Total Revenue	Net Cash Flow
	Year ended 31 st march 2023	AAA ASSURANCE PAC	5,78,645	881,788	59,530
	Year ended 31 st march 2022	AAA ASSURANCE PAC	3,81,713	613,555	33,543
	Year ended 31 st march 2021	AAA ASSURANCE PAC	4,64,261	5,00,453	25,896

D) We did not audit the standalone financial statements of the associate's enterprise LSN Diffusion engineers & Mecdiff SDN. BHD. the financials has been prepared and certify by the management however, they are not consolidated as they are not material & less than 10% of turnover or net profit or profit before tax in annual consolidated financial statement. Therefore, we have not audited the financials of associates.

Opinion

8. Based on our examination and according to the information and explanations given to us we report that the Restated Consolidated Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications to reflect the same accounting treatment as per the accounting

policies and grouping/classifications followed as at and for the quarter ended 30th June 2023 and the financial years ended March 31st, 2023, March 31st, 2022 and March 31st, 2021;

b) Have been prepared in accordance with the Companies Act, ICDR Regulations and the Guidance Note.

c) There is no qualification in the auditor's reports which required any adjustments.

9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on respective audited financial statements mentioned in paragraph 7 above.
10. The Company has calculated EPS on the basis of bonus shares allotted on 29th Nov 2023, the effect of the same is made in Restated Consolidated Financial Statements for period ended 30th June 2023, March 31st, 2023, March 31st, 2022 and March 31st, 2021
11. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
12. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Restriction on Use

14. Our report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Documents, prepared in connection with the proposed Initial Public Offering of Equity Shares of the Company, to be filed by the Company with the Securities and Exchange Board of India, Bombay Stock Exchange Limited, National Stock Exchange of India Limited and Registrar of Companies in connection with the proposed Initial Public Offering of the equity shares of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For PGS & Associates

Chartered Accountants

Firm Registration No.: 0122384W

Premal H Gandhi

Partner

Membership No. 111592

Place: Mumbai

Date: 30/11/2023

UDIN: 23111592BGXFIM8962

Restated Consolidated Statement of Asset and Liabilities

(All amounts in rupees Million, unless otherwise stated)

Particulars	Note No.	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS					
(1) Non-current assets					
(a) Property, plant and equipment	3	639.34	632.76	601.08	566.93
(b) Capital work-in-progress	3 (a)	20.10	18.27	-	-
(c) Intangible assets	4	2.49	2.55	1.72	2.17
(d) Financial assets					
(i) Investments	5	224.42	195.03	188.79	124.86
(ii) Other financial assets	6	66.39	64.02	58.69	45.60
Total non-current assets		952.74	912.64	850.28	739.58
(2) Current Assets					
(a) Inventories	7	526.75	517.08	443.70	295.29
(b) Financial Assets					
(i) Trade receivables	8	626.44	701.35	503.45	430.81
(ii) Cash and cash equivalents	9	25.88	45.29	30.61	46.79
(iii) Other bank balances	10	-	0.03	5.05	0.01
(iv) Loans and advances	11	80.17	50.06	27.84	34.56
(v) Others financial assets	12	7.80	33.25	9.13	8.21
(c) Other current assets	13	26.29	43.75	25.39	21.17
Total current assets		1,293.32	1,390.80	1,045.18	836.85
Total Assets		2,246.07	2,303.44	1,895.46	1,576.42
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	14	37.37	37.37	37.37	37.37
(b) Other equity	15	1,443.87	1,382.60	1,169.11	1,013.85
Equity attributable to equity holders of the Parent		1,481.24	1,419.97	1,206.48	1,051.22
(c) Non-controlling interests	15	2.02	1.69	1.88	1.66
Total equity		1,483.26	1,421.67	1,208.36	1,052.88
Liabilities					
Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	16	-	16.69	28.00	55.65
(ii) Other financial liabilities	17	3.84	8.37	6.52	7.40
(b) Provisions		-	-	-	-
(c) Deferred tax liabilities (net)	18	42.65	37.58	33.60	34.83
Total non-current liabilities		46.49	62.63	68.12	97.87
Current liabilities					
(a) Financial liabilities					
(i) Borrowings	19	394.48	464.23	217.95	141.25
(ii) Trade payables	20				
Total outstanding dues of micro enterprises and small enterprises		27.03	31.26	1.32	12.87
Total outstanding dues of creditors other than micro enterprises and small enterprises		120.52	216.12	307.21	176.60
(iii) Other financial liabilities	21	40.35	7.82	13.72	16.99
(b) Provisions	22	16.39	5.74	2.73	2.18
(c) Other current liabilities	23	117.53	93.97	76.04	75.76
Total current liabilities		716.31	819.15	618.97	425.65
Total Equity and liabilities		2,246.07	2,303.43	1,895.46	1,576.42
The accompanying notes form an integral part of the consolidated financial statements		1-42			

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Mumbai
UDIN - 23111592BGXFIM8962
Date :30-11-2023

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30-11-2023

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :30-11-2023

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30-11-2023

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30-11-2023

Restated Consolidated Statement of Profit & Loss

(All amounts in rupees Million, unless otherwise stated)						
	Particulars	Note No.	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Revenue						
I	Revenue from operations	24	658.46	2,548.76	2,045.89	1,552.63
II	Other income	25	15.22	37.95	41.58	40.08
III	Total revenue (I+II)		673.69	2,586.72	2,087.47	1,592.71
IV Expenses						
	Cost of materials consumed	26	324.46	1,376.33	1,166.25	591.22
	Purchases of stock-in-trade	27	47.80	128.09	82.07	59.87
	Changes in inventories of finished goods and work-in-progress	28	(22.21)	(28.26)	(77.72)	177.28
	Manufacturing expenses	29	92.29	328.62	264.51	176.41
	Employee benefit expenses	30	84.99	307.60	268.96	239.45
	Finance costs	31	6.04	22.95	13.83	20.01
	Depreciation and amortization expenses	3 & 4	12.50	38.42	41.64	38.99
	Other expenses	32	36.16	157.61	116.92	101.19
	Total expenses (IV)		582.03	2,331.36	1,876.47	1,404.42
V	Profit/(loss) before Exceptional Items and Tax (III-IV)		91.65	255.36	210.99	188.30
VI	Exceptional Items					
VII	Profit before Tax and share of profit / (loss) of associates and joint ventures accounted for using the equity method (V-VI)		91.65	255.36	210.99	188.30
VIII	Share of profit / (loss) of associates and joint ventures		-3.79	31.24	8.75	(20.30)
IX	Profit before tax (VII+VIII)		87.86	286.60	219.75	168.00
X	Tax expenses					
	- Current tax		20.24	59.34	49.01	44.35
	(Excess)/short provision of tax relating of previous years			1.83	-	
	- Deferred tax		5.07	3.98	0.28	7.01
	Total tax expenses		25.32	65.15	49.29	51.37
XI	Net profit for the year (IX-X)		62.55	221.45	170.46	116.63
XII Other comprehensive income						
	<i>(i) Items that will not be reclassified subsequently to profit or loss</i>					-
	Remeasurements of the defined benefit plans		(0.76)	0.20	(0.89)	(1.99)
	Income tax effect on above		0.17	(0.05)	0.22	0.58
	<i>(ii) Items that will be reclassified to profit or loss in subsequent periods</i>					
	Foreign currency translation of foreign operations		(0.36)	2.92	0.63	0.22
	Other comprehensive income for the year, net of tax		(0.95)	3.07	(0.03)	(1.19)
XIII	Total comprehensive income / (loss) for the period (XI+XII)		61.59	224.52	170.42	115.44
Profit attributable to:						
	Owners of the Parent		62.23	221.64	170.24	117.22
	Non-Controlling Interest		0.32	(0.18)	0.21	(0.59)
Other Comprehensive Income attributable to:						
	Owners of the Parent		(0.94)	3.03	(0.03)	(1.18)
	Non-Controlling Interest		(0.01)	0.03	(0.00)	(0.01)
Total Comprehensive Income attributable to:						
	Owners of the Parent		61.28	224.67	170.21	116.03
	Non-Controlling Interest		0.31	(0.15)	0.21	(0.60)
Earnings per equity share						
Earnings per equity share [nominal value of share Rs. 10/-]						
	Basic (Not annualised for the period ended 30 June 2023)		2.22	7.91	6.08	4.18
	Diluted (Not annualised for the period ended 30 June 2023)		2.22	7.91	6.08	4.18

Significant accounting policies and notes to the Ind AS financial statements
The explanatory notes referred to above form an integral part of the Ind AS financial statements

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

PREMAL H GANDHI
Partner
Membership Number: 111592
Place : Mumbai
UDIN - 23111592BGXFIM8962
Date :30-11-2023

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30-11-2023

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :30-11-2023

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30-11-2023

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30-11-2023

Restated Consolidated Cash Flow Statement

(All amounts in rupees Million, unless otherwise stated)

Particulars	Quarter ended 30 June 2023	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash flows from operating activities				
Profit /(loss) before tax	87.86	286.60	219.75	168.00
Adjustments:				
Depreciation and amortisation	12.50	38.42	41.64	38.99
Bad Debts & Write Off	0.61	3.88	1.39	2.96
Gain / (loss) on remeasurements of the defined employee benefit plans	(0.59)	0.15	(0.67)	(1.41)
Net (gain)/loss on financial instruments at fair value through profit or loss	11.56	10.33	(6.97)	(22.14)
Liabilities written-back	-	-	(0.25)	(2.66)
Interest and Finance Charges	6.04	22.95	13.83	20.01
Interest Income	(1.44)	(2.46)	(3.07)	(2.08)
Share of profit / (loss) of associates and joint ventures	(3.79)	31.24	8.75	(20.30)
Unrealised exchange (gain)/loss	(0.36)	2.92	0.63	0.22
Operating cash flows before working capital changes and other assets	112.39	394.01	275.04	181.58
(Increase) / decrease in inventories	(9.67)	(73.38)	(148.41)	172.53
Decrease/ (increase) in Trade and Other Receivables	67.15	(253.17)	(78.17)	(101.20)
(Decrease) / increase in other current assets	17.46	(18.35)	(4.22)	7.15
(Decrease) / increase in Trade and Other Payables	(71.81)	(60.15)	108.59	(64.41)
(Decrease) / increase in other current liabilities	28.63	17.94	0.28	(31.76)
(Decrease) / increase in other current provisions	10.65	3.01	0.55	(0.33)
Cash generated from operations	154.80	9.89	153.67	163.58
Income taxes refund / (paid), net	(21.48)	(57.26)	(43.17)	(44.88)
Net Cash Flow From/(Used In) Operating Activities (A)	133.32	(47.37)	110.51	118.72
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(19.02)	(73.79)	(113.41)	(18.62)
Purchase of CWIP	(1.83)	(18.27)	-	-
Disposal of assets	-	2.86	38.08	25.95
Non Current investment	(40.95)	(47.81)	(65.71)	47.73
Interest Income	1.44	2.46	3.07	2.08
(Increase)/Decrease in bank balances not considered as cash and cash equivalent (net)	0.09	0.81	(14.04)	0.83
Net Cash Flow From/(Used In) Investing Activities (B)	(60.26)	(133.73)	(152.02)	57.97
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long-term borrowings	(16.68)	(11.31)	(27.65)	(60.67)
Proceeds from short-term borrowings(Net)	(69.75)	246.28	76.70	(64.50)
Finance Cost paid	(6.04)	(22.95)	(13.82)	(20.01)
Dividend Paid	-	(16.24)	(9.90)	(13.08)
Net Cash Flow From/(Used In) Financing Activities (C)	(92.47)	195.78	25.33	(158.29)
Net increase / decrease in cash and cash equivalents	(19.41)	14.68	(16.18)	18.52
Cash and cash equivalents at the beginning of the period	45.29	30.61	46.79	28.25
Cash & Cash Equivalents at the End of the Period(A+B+C) (refer Note 9)	25.88	45.29	30.61	46.79

As per our report of even date
For PGS & Associates
Chartered Accountants
F.R.N. : 0122384W

For and on behalf of the Board of Directors of
Diffusion Engineers Limited

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Partner
Membership Number: 111592
Place : Mumbai
UDIN - 23111592BGXFIM8962
Date :30-11-2023

PRASHANT N. GARG
Chairman & Managing Director
DIN :- 00049106
Place : Nagpur
Date :30-11-2023

AJAY JAIN
Director
DIN :- 02815416
Place : Nagpur
Date :30-11-2023

ABHISHEK MEHTA
Chief Financial Officer
Place : Nagpur
Date :30-11-2023

CHANCHAL JAISWAL
Company Secretary
Place : Nagpur
Date :30-11-2023

15. Consolidated Statement of Change in Equity

A EQUITY SHARE CAPITAL

	No. of Shares	Amount (Rs. in lacs)
Balance as at March 31, 2021	37,37,467	37.37
Add: Issue during the year	-	-
Balance as at March 31, 2022	37,37,467	37.37
Add: Issue during the year	-	-
Balance as at March 31, 2023	37,37,467	37.37
Add: Issue during the year	-	-
Balance as at June 30, 2023	37,37,467	37.37

B OTHER EQUITY

(All amounts in rupees Million, unless otherwise stated)

Particulars	Retained Earnings	Securities Premium	Capital Redemption Reserve	Capital Reserve	Capital Investment Subsidy	General Reserve	Currency translation reserve	Total attributable to the owners of the Company	Non Controlling interests (NCI)	Total
As at April 01, 2020	828.08	29.36	4.72	15.92	0.08	122.05	(4.98)	995.24	1.66	996.90
Balance as per previous GAAP										
IND AS Adjustments:										
Net change in fair value of Equity investments	18.61							18.61		18.61
As at March 31, 2021	846.69	29.36	4.72	15.92	0.08	122.05	(4.98)	1,013.85	1.66	1,015.51
Profit for the year	170.24	-	-	-	-	-	-	170.24	0.21	170.46
Translation Reserve Movement	-	-	-	-	-	-	0.63	0.63		0.63
Remeasurement of net defined benefit plan	(0.67)	-	-	-	-	-	-	(0.67)		(0.67)
Less: Interim dividend	(7.48)	-	-	-	-	-	-	(7.48)		(7.48)
Less: Final dividend	(7.48)	-	-	-	-	-	-	(7.48)		(7.48)
Balance as at 31 March 2022	1,001.32	29.36	4.72	15.92	0.08	122.05	(4.35)	1,169.11	1.88	1,170.98
Profit for the year	221.64							221.64	(0.18)	221.46
Translation Reserve Movement							2.92	2.92		2.92
Remeasurement of net defined benefit plan	0.15							0.15		0.15
Less: interim dividend	(3.74)							(3.74)		(3.74)
Less: final dividend	(7.47)							(7.47)		(7.47)
Balance as at 31 March 2023	1,211.89	29.36	4.72	15.92	0.08	122.05	(1.43)	1,382.60	1.69	1,384.29
Profit for the year	62.23							62.23	0.32	62.55
Translation Reserve Movement							-0.36	(0.36)		-0.36
Remeasurement of net defined benefit plan	-0.59							(0.59)		-0.59
Less: interim dividend								-		-
Less: final dividend								-		-
Balance as at 30 June 2023	1,273.53	29.36	4.72	15.92	0.08	122.05	-1.79	1,443.87	2.02	1,445.89

Description of Reserves

Retained earnings

Retained earnings represents surplus/accumulated earnings of the Group and are available for distribution to shareholders.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

Capital Redemption Reserve

In FY 2001-02 Group completed the Buy-Back of 4,72,150 equity shares of Rs. 10/- each at a Premium of Rs. 25.62 per share. The total consideration paid was Rs. 1,68,17,981/- out of which the Premium of Rs. 1,20,96,481/- was paid by utilising the share premium account. The company has also transferred Rs. 47,21,500/- to the capital redemption reserve account from General Reserve as a consequent to the Buy-Back of shares.

Capital Reserve

The Group started creating the capital reserve for receipt of state subsidy from the year 1992-93.

General reserves

General Reserve represents appropriation of retained earnings and are available for distribution to shareholders.

As per our report of even date

For PGS & Associates

Chartered Accountants

F.R.N. : 0122384W

For and on behalf of the Board of Directors of

Diffusion Engineers Limited

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Partner

Membership Number: 111592

Place : Mumbai

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DIN :- 00049106

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Director

DIN :- 02815416

Place : Nagpur

Date :30-11-2023

ABHISHEK MEHTA

Chief Financial Officer

Place : Nagpur

Date :30-11-2023

CHANCHAL JAISWAL

Company Secretary

Place : Nagpur

Date :30-11-2023

DIFFUSION ENGINEERS LTD
Notes forming part of the Consolidated financial statements

1 Corporate Information:

Diffusion Engineers Limited ("the Parent Company"), is an ISO 14001 & 18001 & its subsidiaries, associates and joint venture companies (together the parent company and its subsidiaries constitute "the Group") are engaged in the manufacturing of eletrodes, flux cored wire, manufacturing of Durum products, Diffcor products, service welding and wear plates. Group is also engaged in trading of LSN Powder, Kjellgberg machines and CNC cutting machines. Group is expanding its business in overseas by exporting of manufacturing goods to Asian and other south African countries.

2 Basis of preparation of financial statements and significant accounting policies:

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

As these are the Group's first consolidated financial statements prepared in accordance with Ind AS, Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 43.

Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

Subsidiaries

These Consolidated financial statements are prepared in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS 110), specified under Section 133 of the Act.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated financial statements from the date on which control commences until the date on which control ceases. Subsidiaries considered in the Consolidated financial statements as below.

		F.Y. 2022-23		F.Y. 2021-22		F.Y. 2020-21		F.Y. 2019-20	
Name	Country of Incorporation	No of Shares	% of Holding	No of Shares	% of Holding	No of Shares	% of Holding	No of Shares	% of Holding
Subsidiaries :-									
Indian									
1. Diffusion Super-Conditioning Services Pvt Ltd.	India	3,760	98.95	3,760	98.95	3,760	98.95	3,760	98.95
2. Nowelco Industries Pvt. Ltd.	India	6,85,511	66.95	6,85,511	66.95	6,85,511	66.95	6,85,511	66.95
3. Diffusion Hemon Adhesive & Sealant Pvt. Ltd	India	95,000	95	95,000	95	95,000	95	95,000	95.00
Foreign									
1. Diffusion Engineers Singapore Pte. Ltd.	Singapore	2,50,217	100	2,50,217	100	2,50,217	100	2,50,217	100.00
2. Diffusion Wear Solutions Philippines Inc. *	Philippines	90,00,000	100	90,00,000	100	90,00,000	100	90,00,000	100.00
Foreign Joint Ventures :-									
1. LSN Diffusion Ltd.	United Kingdom	7,54,450	21.56	7,54,450	21.56	7,54,450	21.56	7,54,450	21.56
Foreign Associate :-									
1. Mecdiff Sdn Bhd *	Malaysia	3,00,000	30	3,00,000	30	3,00,000	30	3,00,000	30.00
* shares held by Diffusion Engineers Singapore Pte. Ltd.									

DIFFUSION ENGINEERS LTD

Notes forming part of the Consolidated financial statements

Non-controlling interest (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in profit or loss.

Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiaries used in the consolidation procedures are drawn upto the same reporting date i.e 31 March 2023.

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

2.2 Basis of Measurement

These group financial statements have been prepared in Indian Rupee which is the functional currency of the Holding Company. These financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value or amortised cost at the end of each reporting period, as explained in the accounting policies below.

2.3 Use of judgments, estimates and assumptions

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.4 Property, plant and equipment

Recognition and measurement

Freehold land is carried at historical cost. All other items of property, plant and equipment are measured at cost of acquisition or construction less accumulated depreciation and accumulated impairment loss, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs directly attributable to the construction or acquisition of a qualifying asset up to completion or acquisition are capitalized as part of the cost. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment under construction are disclosed as capital work-in-progress. Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed under "Other non-current assets".

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of profit and loss as incurred.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected from its use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income/expenses in the statement of profit and loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment as prescribed in Schedule II of the Companies Act 2013 except in the cases mentioned below where the management based on the technical evaluation have estimated the life to be lower than the life prescribed in schedule II.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use. Depreciation is also not recorded for Land.

2.5 Intangible assets

Recognition and measurement

Intangible assets are recognised when the asset is identifiable, is within the control of the Group, it is probable that the future economic benefits that are attributable to the asset will flow to the Group and cost of the asset can be reliably measured.

Intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses (if any).

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Notes forming part of the Consolidated financial statements

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortisation is not recorded on intangible assets under development until development is complete and the asset is ready for its intended use.

The intangible asset are amortised over the estimated useful lives as given below: -

Computer Software : 3 years

Deemed cost on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2021 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.6 Inventories

Raw materials and traded goods are valued at lower of cost or net realizable value. The costs of these items of inventory comprises of cost of purchase and other incidental costs incurred to bring the inventories to their present location and condition. However, raw materials are written down below cost only when the finished product to which they belong are written down below cost and the replacement cost of that raw material is lower than cost. Cost of raw materials and traded goods are determined on "Weighted Average" /"FIFO" basis.

Work-in-process and Finished goods are valued at lower of cost or net realizable value. The cost includes direct materials, labour, other direct costs and related production overheads based on normal operating capacity. Cost is determined on "Weighted Average" /"FIFO" basis.

2.7 Foreign currencies transactions

Transactions and balances

In preparing the financial statements of each individual Company entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

2.8 Borrowing costs

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized in the cost of that asset. Qualifying assets are those assets which necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised in the year in which they are incurred.

2.9 Current and Non-Current Classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

All assets and liabilities are classified into current and non-current.

An asset is treated as current when it is:

It is expected to be realised in or is intended for sale or consumption in the Group normal operating cycle

Held primarily for the purpose of trading

It is expected to be realised within 12 months after the reporting date; or

It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

A liability is current when:

It is expected to be settled in the Group normal operating cycle;

It is held primarily for the purpose of being traded;

It is due to be settled within 12 months after the reporting date; or

The Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

2.10 Investment

Current investments are carried at lower of cost and fair value. Non-current investments are stated at cost. Provision for diminution in the value of long term investment is made only if such a decline is other than temporary.

Investments in associates and joint venture

The Group has elected to recognise its investments in associate and joint venture companies at cost in accordance with the option available in Ind AS 27, Separate Financial Statements.

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Notes forming part of the Consolidated financial statements

2.11 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in profit or loss in the period in which they arise.

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

2.12 Lease

The Group, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the Group has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset. The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Group measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group uses incremental borrowing rate.

For short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the lease term.

2.13 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expenses are recognised in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income (OCI).

Current tax

Current tax is the tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous year. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets/liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets (if any) are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets/liabilities are reviewed at each balance sheet date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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Notes forming part of the Consolidated financial statements

2.14 Provisions

A Provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

2.15 Contingent Liabilities

Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by the future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent Assets

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.16 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Financial assets include cash and cash equivalents, trade and other receivables, investments in securities and other eligible current and non-current assets.

At initial recognition, all financial assets are measured at fair value. Such financial assets are subsequently classified under one of the following three categories according to the purpose for which they are held. The classification is reviewed at the end of each reporting period.

o Financial assets at amortised cost: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortisation is included as interest income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

o Financial assets at fair value through other comprehensive income: At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in Other Comprehensive Income (OCI). Interest income calculated using the Effective Interest Rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognised in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

o Financial assets at fair value through profit or loss: At the date of initial recognition, financial assets are held for trading, or which are measured neither at Amortised Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognised in the Statement of Profit and Loss.

Investment in Equity shares of associates and joint venture are valued at cost.

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

The Group assesses impairment based on the expected credit losses (ECL) model to all its financial assets measured at amortised cost.

(b) Financial liabilities

Financial liabilities include long-term and short-term loans and borrowings, trade and other payables and other eligible current and non-current liabilities.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and other payables, net of directly attributable transaction costs. After initial recognition, financial liabilities are classified under one of the following two categories:

o Financial liabilities at amortised cost: After initial recognition, such financial liabilities are subsequently measured at amortised cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial liability. The EIR amortisation is included in finance expense in the profit or loss.

o Financial liabilities at fair value through profit or loss: which are designated as such on initial recognition, or which are held for trading. Fair value gains / losses attributable to changes in own credit risk is recognised in OCI. These gains / losses are not subsequently transferred to Statement of Profit and Loss. All other changes in fair value of such liabilities are recognised in the Statement of Profit and Loss.

The Group derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

2.17 Revenue Recognition

Revenue from contracts with customer

Revenue from contract with customers is recognised when the Group satisfies performance obligation by transferring promised goods and services to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset. Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods & service tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts if any.

Rental income

Rental income from investment property is recognised as part of revenue from operations in profit or loss on a straight-line basis over the term of the lease.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

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Notes forming part of the Consolidated financial statements

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Receipts from insurance claims are accounted after the same is approved by the insurance company.

2.18 Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.19 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

2.2 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks, cash on hand and highly liquid short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

2.21 Statement of Cash Flows

Statement of Cash flows is reported using the indirect method, whereby profit for the year 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 operating, investing and financing activities of the Group are segregated based on the available information.

2.22 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current

2.23 Share holder of diffusion engineers Ltd has approved bonus of 1:6 in the EGM dated 18th Nov 2023 and allotment made vide Board Meeting dated 29th Nov 2023

Total No of shares	3.73
issue	0.26
current share	4.00
Bonus 1:6	24.01
Total Shares After Bonus Issue	28.02

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note 3 and 3a

Property, plant and equipment

Particulars	Land Freehold	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Computers	Total	Capital work in progress (CWIP)	Total
As at 31 March 2020	86.73	260.60	263.69	8.26	17.27	4.75	2.08	643.38	-	-
Additions	-	6.13	7.62	0.32	3.47	0.24	0.63	18.41	-	-
Sales/Disposals/Adjustments	-	5.58	19.54	-	0.73	-	0.11	25.95	-	-
Adjustments										
Cost/ Deemed cost										
As at 31 March 2021	86.73	261.14	251.78	8.59	20.01	4.99	2.61	635.84	-	-
Additions	-	10.79	95.56	0.42	3.08	2.13	1.26	113.25	-	-
Sales/Disposals/Adjustments	-	22.08	14.98	-	0.96	-	0.09	38.11	-	-
Adjustments	-	0.01	(0.15)			0.14	0.03	0.03		
As at 31 March 2022	86.73	249.86	332.22	9.01	22.13	7.26	3.81	711.02	-	-
Additions	-	5.84	31.95	4.22	13.65	15.12	1.76	72.54	18.27	18.27
Sales/Disposals/Adjustments			2.84				0.02	2.86	-	-
As at 31 March 2023	86.73	255.70	361.33	13.22	35.78	22.39	5.55	780.70	18.27	18.27
Additions	0.05	1.21	13.57	0.41	2.59	0.67	0.33	18.83	1.83	1.83
Sales/Disposals/Adjustments								-	-	-
As at 30 June 2023	86.78	256.91	374.91	13.63	38.37	23.06	5.88	799.53	20.10	20.10
									-	
Accumulated depreciation									-	
As at 31 March 2020	-	5.19	19.29	1.00	3.05	1.48	0.78	30.79	-	-
Depreciation for the year	-	9.55	22.75	1.07	2.78	1.39	0.58	38.12	-	-
Sales/Disposals/Adjustments			-			-		-	-	-
As at 31 March 2021	-	14.74	42.04	2.07	5.83	2.87	1.36	68.91	-	-
Depreciation for the year	-	7.90	28.08	1.21	2.36	0.84	0.63	41.03	-	-
Sales/Disposals/Adjustments			-			-		-	-	-
As at 31 March 2022	-	22.64	70.12	3.28	8.19	3.72	1.98	109.94	-	-
Depreciation for the year	-	8.37	21.20	1.05	2.45	4.16	0.77	38.00	-	-
Sales/Disposals/Adjustments								-	-	-
As at 31 March 2023	-	31.01	91.32	4.33	10.64	7.88	2.75	147.94	-	-
Depreciation for the year		3.46	6.95	0.29	0.84	0.36	0.347417	12.25	-	-
Sales/Disposals/Adjustments								-	-	-
As at 30 June 2023	-	34.48	98.28	4.62	11.48	8.24	3.10	160.19	-	-
								-	-	-
Net block								-	-	-
As at 31 March 2021	86.73	246.40	209.74	6.52	14.18	2.12	1.25	566.93	-	-
As at 31 March 2022	86.73	227.22	262.10	5.72	13.94	3.55	1.83	601.08	-	-
As at 31 March 2023	86.73	224.69	270.01	8.89	25.13	14.51	2.80	632.76	18.27	18.27
As at 30 June 2023	86.78	222.43	276.63	9.01	26.89	14.82	2.78	639.34	20.10	-

The Company used carrying amount as per previous GAAP as on April 01, 2021 in its opening IND AS statement of financial position as deemed cost for an item of property, plant and equipment.

Following are the disclosures with regard to its gross block value, accumulated depreciation and net block value as per previous GAAP as on April 01, 2021:

Particulars	Cost	Accumulated Depreciation	Net Block
Land Freehold	86.78	-	86.78
Buildings	256.91	34.48	222.43
Plant and Equipment	374.91	98.28	276.63
Furniture and Fixtures	13.63	4.62	9.01
Vehicles	38.37	11.48	26.89
Office equipment	23.06	8.24	14.82
Computers	5.88	3.10	2.78
Total	799.53	160.19	639.34

Note 3a

Capital work-in-Progress

Particulars	As at 30 June 2023	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Carrying amount at end of year	20.10	18.27	-	-

Ageing of Capital work-in-progress

Particulars	As at 30 June 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Less than 1 year	20.1	18.27	-	-
1-2 years	-	-	-	-
2-3 years	-	-	-	-
More than 3 years	-	-	-	-
Total	20.10	18.27	-	-

Notes forming part of the Ind AS financial statements (continued)

(All amounts in Rupees, unless otherwise stated)

Note 4

Intangible assets

	Technical Know-how	Software	Total
As at 31 March 2020	0.13	2.69	2.82
Additions during the period	-	0.21	0.21
Disposals / Adjustments during the year	-	-	-
Cost/ Deemed cost:			
As at 31 March 2021	0.13	2.90	3.03
Additions during the period	-	0.16	0.16
Disposals / Adjustments during the year	-	-	-
As at 31 March 2022	0.13	3.06	3.20
Additions during the period	-	1.25	1.25
Disposals / Adjustments during the year	-	-	-
As at 31 March 2023	0.13	4.31	4.44
Additions during the period	-	0.18	0.18
Disposals / Adjustments during the year	-	-	-
As at 30 June 2023	0.13	4.49	4.63
Accumulated amortisation:			
Charge for the year	-	0.86	0.86
Disposals / Adjustments during the year	-	-	-
As at 31 March 2021	-	0.86	0.86
Charge for the year	-	0.62	0.62
Disposals / Adjustments during the year	-	-	-
As at 31 March 2022	-	1.48	1.48
Charge for the year	-	0.41	0.41
Disposals / Adjustments during the year	-	-	-
As at 31 March 2023	-	1.89	1.89
Charge for the year	-	0.25	0.25
Disposals / Adjustments during the year	-	-	-
As at 30 June 2023	-	2.14	2.14
Carrying amount (net)			
As at 31 March 2021	0.13	2.04	2.17
As at 31 March 2022	0.13	1.58	1.72
As at 31 March 2023	0.13	2.42	2.55
As at 30 June 2023	0.13	2.35	2.49

The Group used carrying amount as per previous GAAP as on April 01, 2021 in its opening IND AS statement of financial position as deemed cost for an item of property, plant and equipment.

Following are the disclosures with regard to its gross block value, accumulated depreciation and net block value as per previous GAAP as on April 01, 2021:

Particulars	Cost	Accumulated Depreciation	Net Block
Technical Know-how	31.00	30.87	0.13
Software	15.84	13.80	2.04
Total	46.85	44.67	2.17

Notes forming part of the Ind AS financial statements
(All amounts in rupees Million, unless otherwise stated)

Note 5

Investments (Non-current assets)

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Equity instruments				
(i) 'Investment carried at cost (Unquoted)				
(a) '- in Associates				
Investment in Mecdiff	3.85	3.57	3.15	3.04
Investment in nowelco	-			
Investment in DSCS	-			
Investment in Hemon	-			
Investment in Singapore	-			
(b) '- in Joint venture				
LSN Diffusion Ltd (Fully Paid Equity Shares) - 7,54,450 (March 31, 2022 - 7,54,450 shares, April 01, 2021 - 7,54,450 shares)	66.72	70.79	39.73	31.16
	70.58	74.37	42.88	34.20
(ii) 'Investment carried at fair value through Profit and loss Quoted				
(a) Investment in Equity				
'- Canara bank limited 268 (Previous Year 268) Equity shares of Canara Bank (Earlier Syndicate)	0.04	0.04	0.06	0.04
(b) Investment in mutual funds				
'- Mutual funds	153.79	120.61	145.84	90.61
	153.83	120.65	145.90	90.65
Other Investment				
National Saving Certificate	0.01	0.01	0.01	0.01
Total (i+ii)	224.42	195.03	188.79	124.86
Annexure-5a				
(a) Investments in quoted instruments:				
Aggregate carrying value	123.69	105.55	120.47	72.19
Aggregate market value	151.34	121.02	145.89	90.65

Note 6

Other non-current financial assets

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Security deposit*	14.79	12.36	11.24	7.15
Fixed deposit with Bank	51.60	51.67	47.45	38.46
Total	66.39	64.02	58.69	45.60

* Security deposit has been shown on transaction cost where terms not ascertainable.

Note 7

Inventories

(Valued at cost, unless otherwise stated)

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(At lower of cost and net realisable value)				
Stock in trade				
Raw Materials	243.01	244.81	203.07	120.71
Work in Progress	152.85	140.49	132.62	74.09
Finished goods & Traded Goods	130.89	107.07	90.20	76.67
	526.75	492.37	425.89	271.48
Stock - In - Transit				
Raw Materials		9.66	5.59	20.24
Consumables, Stores and Spare parts		0.18	0.53	1.15
Traded Goods		14.88	11.69	2.43
	-	24.71	17.81	23.81
Total	526.75	517.08	443.70	295.29

Note 8

Trade Receivables

(Unsecured, considered good unless otherwise stated)

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Secured, considered good	629.49	15.65	16.23	0.99
Unsecured, considered good*	-	688.14	487.22	429.82
Less: Allowance for expected credit loss	3.05	2.44	-	-
Total	626.44	701.35	503.45	430.81
Receivables from related parties (Refer Note 37)	3.90	1.51	0.23	9.28
Receivables from others	622.54	699.84	503.22	421.53
	626.44	701.35	503.45	430.81

* There are some cases pending before Hon'ble NCLT court against some parties amounting to Rs 4.8 million. The company will provide necessary treatment in the books as per the directions of Hon'ble NCLT Court.

Trade Receivables ageing schedule as at 30th June, 2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	552.56	41.54	18.51	4.99	7.08	624.69
(i) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables considered good	-	-	-	-	4.80	4.80
(iv) Disputed trade receivables considered doubtful	-	-	-	-	-	-
Total						629.49
Expected Credit Loss					3.05	3.05
Net						626.44

Trade Receivables ageing schedule as at 31st March,2023

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	626.56	42.04	14.77	5.56	7.10	696.02
(ii) Undisputed Trade receivables -considered doubtful	0.11	0.00	0.00	-	1.19	1.30
(iii) Disputed trade receivables considered good	-	-	-	-	4.80	4.80
(iv) Disputed trade receivables considered doubtful	0.00	-	0.00	0.00	1.68	1.68
Total						703.80
Expected Credit Loss					2.44	2.44
Net						701.35

Trade Receivables ageing schedule as at 31st March,2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	459.43	12.35	7.10	6.57	12.44	497.90
(ii) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables considered good	-	-	-	-	2.47	2.47
(iv) Disputed trade receivables considered doubtful	-	0.68	1.97	0.10	0.33	3.08

Trade Receivables ageing schedule as at March 31, 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables -considered good	376.30	20.70	12.27	6.23	10.62	426.12
(ii) Undisputed Trade receivables -considered doubtful	-	-	-	-	-	-
(iii) Disputed trade receivables considered good	-	-	-	-	3.54	3.54
(iv) Disputed trade receivables considered doubtful	-	-	-	-	1.15	1.15

Note 9
Cash and bank balances

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Cash and Cash Equivalents				
Cash on hand	1.20	0.92	0.52	0.64
Balance with scheduled banks				
in current accounts	22.54	32.23	28.05	44.20
Fixed deposit with maturity less than 3 months	2.13	12.13	2.04	1.95
Total	25.88	45.29	30.61	46.79

Note 10
Other bank balances

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Dividend accounts	-	0.03	5.05	0.007
Total	-	0.03	5.05	0.01

Note 11
Loans and Advances

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Loans and advances to related parties	32.50	-	-	-
Loan to employees	4.99	3.45	3.60	2.47
Advance to others	37.16	39.76	19.76	22.27
Advance Tax	1.50	-	3.90	9.75
Deposit with sales tax department	-	0.69	0.03	0.03
Deposits - Rent	0.04	0.04	0.04	0.04
Advance To Supplier	3.67	5.74	0.51	-
Staff Advance	0.30	0.37	0.01	0.01
Total	80.17	50.06	27.84	34.56

Note 12
Others Financial Assets

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Deposits recoverable	7.80	10.53	9.13	8.21
Mutual Funds Receivables	0.00	22.73	-	-
Total	7.80	33.25	9.13	8.21

Note 13
Other current assets

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	0.30	0.40	0.60	-
Preliminary Expenses	0.04	0.04	0.08	0.12
Balances with government authorities				
GST receivable	0.68	3.92	1.58	0.48
Tds receivable	0.08	-	-	-
Export and other incentive receivable	17.69	31.82	18.19	17.59
Advance income tax	-	1.53	1.55	1.51
Custom duty paid	0.98	0.03	1.59	-
Vat and sales tax	1.53	1.53	1.80	1.42
Service tax credit receivable	-	-	-	0.04
Defined benefit plan- gratuity fund	4.46	4.46	-	-
Deposite recoverable	0.14	-	-	-
Total	26.29	43.75	25.39	21.17

Notes forming part of the Consolidated Financial Statements
(All amounts in rupees Million, unless otherwise stated)

14. Authorised, issued, subscribed and paid-up share capital

	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Authorised share capital				
Equity share capital				
50,00,000 (Previous Years 50,00,000) equity shares of Rs.10 each	50.00	50.00	50.00	50.00
	50.00	50.00	50.00	50.00
Issued, subscribed and paid-up share capital				
Equity share capital				
37,37,467 (Previous Years 37,37,467) Equity shares of Rs 10/- each fully paid up	37.37467	37.37	37.37	37.37
	37.37	37.37	37.37	37.37

Rights, preferences and restrictions attached to the equity shares

The Group has issued only one class of equity shares having a face value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

The Group declares and pays dividend in Indian Rupees. The dividend proposed by board of directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Group, the holder of equity shares will be entitled to receive remaining assets of the Group after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders.

Details of shares held by each shareholder holding more than 5%

Name of Shareholders	As at 30th June 2023		As at 31st March 2023		As at 31st March 2022		As at 31st March 2021	
	% held	Nos	% held	Nos	% held	Nos	% held	Nos
Equity shares with voting rights								
Mr NK Garg (HUF)	0.0797	297897	7.97%	2,97,897	7.97%	2,97,897	7.97%	2,97,897
Mr NK Garg	0	0	0.00%	-	0.00%	-	0.00%	-
Mr Prashant Garg	0.3897	1456593	38.97%	14,56,593	38.97%	14,56,593	38.97%	14,56,593
Dr Nitin Garg	0.2628	982322	26.28%	9,82,322	26.28%	9,82,322	26.28%	9,82,322
Mrs Chitra Garg	0.2273	849653	22.73%	8,49,653	22.73%	8,49,653	22.73%	8,49,653

Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	As at 30th June 2023	As at 31st March 2023	As at 31st March 2022	As at 31st March 2021
Equity shares				
Outstanding at the beginning of the year	37,37,467	37,37,467	37,37,467	37,37,467
Add: Shares issued during the year	-	-	-	-
Outstanding at the end of the year	37,37,467	37,37,467	37,37,467	37,37,467

Number of shares held by promoters:

Name of Shareholders	As at 30th June 2023		As at 31st March 2023		As at 31st March 2022		As at 31st March 2021	
	% held	Nos	% held	Nos	% held	Nos	% held	Nos
Mr NK Garg (HUF)	7.97%	2,97,897	7.97%	2,97,897	7.97%	2,97,897	7.97%	2,97,897
Mr NK Garg	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Mr Prashant Garg	38.97%	14,56,593	38.97%	14,56,593	38.97%	14,56,593	38.97%	14,56,593
Dr Nitin Garg	26.28%	9,82,322	26.28%	9,82,322	26.28%	9,82,322	26.28%	9,82,322
Mrs Chitra Garg	22.73%	8,49,653	22.73%	8,49,653	22.73%	8,49,653	22.73%	8,49,653
Nitin and Renuka Garg	2.01%	75,281	2.01%	75,281	2.01%	75,281	2.01%	75,281
Prashant and Neelu Garg	0.25%	9,364	0.25%	9,364	0.25%	9,364	0.25%	9,364

Note 16**Borrowings**

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Secured				
From HDFC Bank Loan (For Vehicle)	-	-	-	0.44
From HDFC Bank	3.11	7.34	24.11	80.20
From HDFC Bank (FCTL)	20.82	22.25	25.68	-
Less: Current maturities of long-term borrowings	23.93	12.91	21.80	25.00
Total	-	16.69	28.00	55.65

16.1

- a Interest rate of the above loan in range between 7.5% to 9.5%.
Interest rate of the above foreign currency loan is 3 Month SOFR+ spread of 3.5%.
- b Borrowings from banks are secured by way of :-
Secured against Mortgage of Land & Building, book debts & hypothication of Stock.
Vehicle Loans are secured by respective vehicles.
- c Amount payable during next 12 months, disclosed under the head "Current Borrowings" (Note No. 19)
- d Maturity Profile of the above loan as below :

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Within One year	23.93	1.29	2.18	2.50
Two to Five years		0.73	2.80	5.56
	23.93	2.03	4.97	8.06

Note 17**Other Non-current financial liabilities**

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Vehicle and laptop Scheme	3.84	2.85	1.51	2.09
Deposits from distributors		5.52	5.01	5.31
Total	3.84	8.37	6.52	7.40

Note 18**Deferred tax liabilities (net)**

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Deferred Tax Liability:				
Timing Difference on account of Carrying amount of Property, plant and equipment and Intangible assets in the Financial Statements and the Income Tax Return	43.53	38.45	35.10	36.68
Deferred Tax Assets:				
Expense allowable for tax purpose when paid (Section 43B items)	0.88	0.87	1.50	1.86
Total	42.65	37.58	33.60	34.83

Note 19**Borrowings**

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Secured				
Current maturities of long term borrowings	23.93	12.91	21.80	25.00
Loan From Banks	370.55	451.32	196.16	116.25
Total	394.48	464.23	217.95	141.25

Note 19.1

- a **Interest rate of the above loan in range between 7.0% to 10.25%.**
- b Borrowings from banks are secured by way of :-
Secured against Mortgage of Land & Building, book debts & hypothication of Stock.

Note 20**Trade payables**

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
total outstanding dues of micro and small enterprises	27.03	31.26	1.32	12.87
total outstanding dues of creditors other than micro and small enterprises	120.52	216.12	307.21	176.60
	147.55	247.38	308.53	189.47

Note on MSME Disclosure

Outstanding to Micro, Small and Medium Enterprise : March 23 : Rs.31.26 Million, March 22 : Rs. 1.32 Million, April 01, 21 : Rs. 12.87 Million.The identification of suppliers under "Micro, Small and Medium Enterprises Development Act, 2006" was done on the basis of the information to the extent provided by the suppliers to the Group. Total outstanding dues of Micro and Small Enterprises, which were outstanding for more than the stipulated period, are given below:

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Principal amount due and remaining unpaid	8.55	3.13	0.13	1.29
Interest paid	-	-	-	-
Interest due	-	-	-	-
Interest accrued and due	-	-	-	-
Interest due and remaining unpaid	-	-	-	-
	8.55	3.13	0.13	1.29

Trade Payables ageing schedule: As at 30th June,2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(I) MSME		22.55	-	-	0.15	22.69
(ii) Others		110.16	0.45	6.40	7.85	124.86
(iii) Disputed dues- MSME						-
(iv) Disputed dues - Others						-

Trade Payables ageing schedule: As at 31st March,2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(I) MSME		31.26				31.26
(ii) Others		198.43	6.05	2.98	5.77	213.23
(iii) Disputed dues- MSME		2.89				2.89
(iv) Disputed dues - Others						-

Trade Payables ageing schedule: As at 31st March,2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(I) MSME		1.32	-	-	-	1.32
(ii) Others		280.39	16.84	4.75	4.68	306.65
(iii) Disputed dues- MSME		0.56				0.56
(iv) Disputed dues - Others						-

Trade Payables ageing schedule: As at April 01, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	< 1 Year	1-2 years	2-3 years	> 3 years	
(I) MSME	-	12.87	-	-	-	12.87
(ii) Others	-	164.15	5.85	4.42	0.29	174.70
(iii) Disputed dues- MSME	-	1.90				1.90
(iv) Disputed dues - Others	-					-

Note 21
Other financial liabilities

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Interim Dividend	5.17	0.03	5.05	-
Liabilities For Expences	2.90	7.79	8.66	16.29
Covid Incentive Payable	31.99	-	0.00	0.70
Staff Branch Advances/Imprest	-	-	-	-
Director remuneration	0.29	-	-	-
Total	40.35	7.82	13.72	16.99

Note 22
Provisions

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Provision for Leave Encashment	1.58	1.55	2.70	2.17
Provision for Tax- Net of Advance Tax	14.29	4.19	0.03	0.01
Duties and Taxes	0.52	-	0.00	0.00
Total	16.39	5.74	2.73	2.18

Note 23
Other current liabilities

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Statutory Remittances	30.00	22.75	27.71	16.96
Advance Received from customers	51.48	40.71	8.94	15.26
Mobile Scheme	0.01	0.01	0.01	0.01
Other Credit Balances	34.85	29.64	38.31	43.15
Audit Fees Payable	0.02	0.01	0.02	0.01
other	1.11	-	0.97	0.37
TDS Payable	0.07	0.85	0.08	-
Total	117.53	93.97	76.04	75.76

Note 24
Revenue from opeation

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Sale of Products and Services				
-Manufacturing	461.42	1,813.81	1,534.42	1,109.59
-Trading	56.94	201.37	146.58	87.00
-Export Sales	47.10	347.22	160.34	183.88
	565.46	2,362.40	1,841.34	1,380.48
Job work receipt				
-Local	28.42	151.93	187.76	149.26
-Export	60.20	10.85	1.39	4.30
	88.62	162.77	189.16	153.56
Other Operating Revenues				
Insurance, Licenses & Packing on Sales	3.65	19.20	12.93	15.90
Duty Drawback	0.73	4.39	2.46	2.70
	4.38	23.59	15.39	18.60
Total	658.46	2,548.76	2,045.89	1,552.63

Revenue disaggregation is as follows

	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Disaggregation of goods				
Manufactured Products	508.52	2,097.30	1,694.76	1,293.47
Trading Products	56.94	201.36	132.59	86.31
Job Works	88.62	226.51	203.15	154.25
Other Unallocated- Insurance, License sale and Duty Drawback	4.38	23.59	15.39	1.86
	658.46	2,548.76	2,045.89	1,535.91

Disaggregation based on geography

India	598.26	2,190.69	1,884.15	1,364.45
Outside India	60.20	358.07	161.74	188.18
	658.46	2,548.76	2,045.89	1,552.64

Geographical location is based on the location of customers excluding export incentives

Information about major customers

Customer Type	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Customers under Government Projects	56.14	168.41	37.59	25.04
Industrial Customers	542.12	2,022.28	1,846.56	1,339.41
Export Customers	60.20	358.07	161.74	188.18
Total	658.46	2,548.76	2,045.89	1,552.64

Note 25

Other Income

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Other Income				
Interest income				
- on Deposit	1.34	2.66	3.25	2.08
- Unwinding of discount on security deposits and others	0.10	0.19	0.19	-
Commission	-	-	-	-
Foreign exchange gain	0.56	3.70	5.36	-
Profit on Sale of Assets & Investment	0.05	17.88	12.23	3.82
Net gain on financial instruments at fair value through profit or loss	11.56	-	6.97	22.14
Rent income	0.04	-	-	-0.03
Liabilities written-back	-	-	0.25	2.66
Insurance claim receipt	-	0.39	2.36	1.01
PSI Incentive	1.19	11.30	7.00	6.68
MEIS License income	-	0.83	3.10	0.47
Write off	-	0.00	-	-
- on Deposit	-	-	-	0.11
Freight Charges Recovered	0.00	0.13	0.01	-
Freight Outwards	-	-	0.05	0.05
Pradhan Mantri Garib Kalyan Yojna PF	-	-	0.00	0.02
Dividend income	0.02	0.39	-	0.32
Miscellaneous income	0.37	0.48	0.81	0.76
Total	15.22	37.95	41.58	40.08

Note 26

Cost of materials consumed

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
As at beginning of the period	254.46	208.66	140.95	129.20
Add: Purchases	313.01	1,422.14	1,233.95	602.98
Less : As at end of the period	243.01	254.46	208.66	140.95
Total	324.46	1,376.33	1,166.25	591.22

Note 27

Purchases of stock-in-trade

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Purchases of stock-in-trade	47.80	128.09	82.07	59.87
Total	47.80	128.09	82.07	59.87

Note 28

Changes in inventories of finished goods and work-in-progress

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Inventories at the beginning of the year:				
Stock-in-trade	55.57	43.79	42.35	46.65
Finished goods	54.33	45.73	27.97	117.40
Work-in-progress	140.49	132.62	74.09	157.63
	250.40	222.14	144.41	321.69
Inventories at the end of the year:				
Stock-in-trade	64.26	55.57	43.79	42.35
Finished goods	55.50	54.33	45.73	27.97
Work-in-progress	152.85	140.49	132.62	74.09
	272.61	250.40	222.14	144.41
Total	(22.21)	(28.26)	(77.72)	177.28

Note 29**Manufacturing expenses**

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Consumable, stores and spare parts material Consumed				
Inventories at the beginning of the year:	12.22	12.91	9.93	7.45
Add:- Purchases for the year	12.23	55.15	51.51	39.35
Inventories at the end of the year:	11.13	12.22	12.91	9.93
	13.32	55.84	48.53	36.87
Custom duties expenses	9.54	17.35	12.70	11.54
Job work charges	38.55	140.34	109.07	73.87
Labour charges	10.06	28.44	18.37	11.70
Carriage inward and clearing charges	4.01	23.34	25.81	12.68
Power and fuel	14.24	52.03	41.96	28.52
Lease rental	1.98	7.93	7.78	0.22
Freight On Raw Material	0.50	2.51	0.02	0.02
Lab expenses	-	0.52	-	0.68
Water charges	0.09	0.32	0.29	0.30
	78.97	272.79	215.99	139.54
Total	92.29	328.62	264.51	176.41

Note 30**Employee benefits expenses**

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	71.79	272.43	235.19	200.85
Post employment benefits				
-Contribution to provident and other funds	3.89	13.83	14.00	12.49
-Gratuity and other defined benefit plans	0.01	0.50	5.85	1.98
- Labour welfare fund	0.00	0.00	0.00	0.00
Staff welfare expenses	0.31	6.36	1.28	2.18
Sales Commission to employees	1.75	7.13	4.92	2.75
Directors' Commission	1.84	7.35	7.73	6.13
Directors' Remuneration	4.55	-	-	-
Leave travel allowance	0.85	-	-	-
	84.99	307.60	268.96	239.45

Note 31**Finance cost**

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
-Interest expense on:				
Borrowings	5.46	18.54	9.62	16.21
Other borrowing costs	0.58	4.42	4.28	3.79
Exchange fluctuation on foreign currency transactions/ translations	-	-	(0.07)	-
Total	6.04	22.95	13.83	20.01

Note 32**Depreciation and amortisation expense**

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation of tangible assets	12.25	38.00	41.03	38.12
Amortisation of intangible assets	0.25	0.41	0.62	0.86
Total	12.50	38.42	41.64	38.99

Note 32**Other expenses**

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Rent	2.27	6.17	5.53	4.64
Security charges	1.67	5.82	4.77	4.74
Rates and taxes	0.24	2.22	6.19	2.22
Repairs and maintenance:				
-Machinery	0.29	2.14	0.59	0.70
-Vehicles	0.49	3.42	2.87	2.72
-Others	1.31	4.93	3.30	2.45
Insurance expense	1.89	4.20	3.59	4.53
Travelling, communication and conveyance expenses	8.62	34.78	20.38	12.42
Directors sitting fees	-	0.56	0.56	0.56
Commission expenses	2.84	6.53	2.52	8.14
Packing, forwarding and distribution expenses	0.07	32.78	29.19	27.88
Advertisements and sales promotion expenses	0.16	3.24	1.95	1.80
Payment to auditors				
-As auditor - Audit fees	0.30	1.00	0.44	0.39
-For other services	-	0.38	0.35	0.33
-Out of pocket expenses	0.00	-	-	-
Bad debts w/off	0.61	3.88	1.39	2.96
Legal and professional fees	6.01	17.41	13.89	9.72
Loss on Foreign currency transactions	-	1.43	0.16	2.36
Net loss on financial instruments at fair value through profit or loss	-	10.33	-	-
Expenditure on corporate social responsibility	0.88	3.40	3.33	2.37
Miscellaneous expenses	8.51	12.99	15.94	10.26
Total	36.16	157.61	116.92	101.19

Annexure-5a Investments -Non-current investments
(All amounts in rupees Million, unless otherwise stated)

Name of Script	As at June 30, 2023				As at March 31, 2023				As at March 31, 2022				As at March 31, 2021			
	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)
SYNDICATE BANK	1,700	0.02	0.51	0.50	1,700	0.02	0.04	0.02	1,700	0.02	0.06	0.04	1,700	0.02	0.04	0.02
Total	1,700	0.02	0.51	0.50	1,700	0.02	0.04	0.02	1,700	0.02	0.06	0.04	1,700	0.02	0.04	0.02

Name of Mutual Fund Scheme	As at June 30, 2023				As at March 31, 2023				As at March 31, 2022				As at March 31, 2021			
	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)	Qty	Cost	MV	Gain/(loss)
Dsp Blackrock India Tiger Fund				-	-	-	-	-	34,449.19	2.97	4.92	1.95	34,449.19	2.97	3.82	0.85
Franklin India Prima Fund				-	-	-	-	-	793.63	0.70	1.13	0.43	793.63	0.70	0.99	0.29
Franklin India Flexi Cap Fund				-	-	-	-	-	-	-	-	-	8,517.04	0.54	0.84	0.30
Hdfc Equity Fund				-	-	-	-	-	1,288.44	0.75	1.30	0.55	1,288.44	0.75	1.03	0.28
Hdfc Balanced Advantage- G	6,975			-	6,975.01	1.30	2.25	0.95	6,975.01	1.30	1.99	0.69	6,975.01	1.30	1.64	0.35
Prudential Icici Discovery Fund	35,706	1.30		1.16	35,706.32	4.67	9.77	5.10	35,706.32	4.67	9.05	4.38	35,706.32	4.67	6.88	2.21
Prudential Icici Infrastructure Fund	33,487	4.67	10.77	6.10	33,487.36	1.39	3.38	1.99	33,487.36	1.39	2.77	1.38	33,487.00	1.39	2.05	0.65
Absl Front Line Equity Fund		1.39	3.80	2.40	-	-	-	-	1,684.28	0.35	0.57	0.22	1,684.28	0.35	0.47	0.12
Reliance Money Manager Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Icici Pru -Dynamic Plan	12,271	-	-	-	12,270.80	3.11	5.88	2.77	12,270.80	3.11	5.33	2.22	18,096.07	4.30	5.99	1.69
Idfc -Premier Equity Fund		3.11	6.30	3.19	-	-	-	-	17,188.85	1.54	2.31	0.77	17,188.85	1.54	1.93	0.39
Frankline- India Bluechip Fund		-	-	-	-	-	-	-	1,498.86	0.65	1.02	0.37	1,498.86	0.65	0.89	0.24
Franklin India Short Term Income Plan	434	-	-	-	476.41	2.34	2.81	0.48	7,262.61	3.11	3.75	0.63	22,263.43	23.97	28.71	4.75
Idfc -Classic Equity		2.17	2.68	0.51	-	-	-	-	63,290.49	2.75	4.33	1.58	63,290.49	2.75	3.59	0.84
L & T Infrastructure Fund (changed name to HSBC)	30,182	-	-	-	24,821.33	0.60	0.64	0.04	2,50,330.81	3.95	5.90	1.95	2,22,713.40	3.35	4.05	0.70
Icici Pru - Credit Risk Fund Reg (G)		0.75	0.90	0.15	-	-	-	-	140.00	0.06	0.06	0.00	-	-	-	-
Axis Bluechip Fund - Regular Plan- Growth		-	-	-	-	-	-	-	1,09,185.00	4.00	4.89	0.89	96,745.09	3.20	3.75	0.55
Parag Parikh Long Term Equity Fund-Regular Plan- C	1,05,566	-	-	-	3,14,767.00	13.30	15.58	2.28	1,95,309.00	7.60	9.66	2.06	1,09,101.04	3.60	4.15	0.55
Kotak Emerging Equity Fund Growth	1,43,314	6.01	6.30	0.28	1,27,811.00	9.00	9.49	0.49	63,031.00	4.20	4.50	0.30	11,858.05	0.36	0.68	0.32
Axis Focused 25-G Fund	61,905	10.20	12.04	1.84	61,905.00	2.75	2.26	-0.49	50,299.00	2.25	2.17	-0.08	-	-	-	-
Kotak Flexicap Fund-Growth		2.75	2.60	-0.15	-	-	-	-	1,46,183.00	5.90	7.60	1.70	1,55,574.51	5.64	6.99	1.35
Invesco India Contra-G Fund	95,220	-	-	-	87,621.00	6.60	6.68	0.08	40,185.00	3.00	3.03	0.03	-	-	-	-
Aventus Absolute Return Fund		7.20	8.16	0.96	-	-	-	-	1.00	20.18	21.24	1.06	-	-	-	-
Hdfc Index Fund Nifty 50 Plan Regular Plan Growth	15,561	-	-	-	15,561.00	2.30	2.51	0.21	-	-	-	-	-	-	-	-
Kotak Equity opportunities Reg-G	28,846	2.30	2.78	0.48	28,846.00	5.78	5.86	0.08	-	-	-	-	-	-	-	-
Sbi Focused Equity Fund	18,509	5.78	6.59	0.81	13,932.00	3.15	3.03	-0.12	-	-	-	-	-	-	-	-
Akara Capital Advisors P L Outward A/C	15	4.20	4.59	0.39	15.00	15.00	15.01	0.01	-	-	-	-	-	-	-	-
Mas Financial Services Limited Mld 29-01-2024	10	11.25	11.19	-0.06	10.00	10.29	10.49	0.21	-	-	-	-	-	-	-	-
Edelweiss Infrastructure Yield Plus Ii	50	10.29	10.74	0.45	50.00	0.50	0.50	-	-	-	-	-	-	-	-	-
Aventus Structured Credit Fund II	1	0.50	0.50	-	1.00	3.57	3.57	-	-	-	-	-	-	-	-	-
Hdfc Liquid Fund	1,108	3.03	3.03	-0.00	1,108.00	4.63	4.86	0.23	-	-	-	-	-	-	-	-
Mirae Asset India Equity Fund- (G)[Aventus Wealth]	1,53,338	4.63	4.94	0.31	1,44,012.00	10.15	11.04	0.89	1,05,036.00	7.15	8.13	0.98	1,02,565.35	5.48	6.72	1.24
Icici Prudential Long Short Fund - Series I		10.90	13.01	2.11	-	-	-	-	1.00	37.50	38.63	1.13	-	-	-	-
Hdfc Small Cap Fund- (G) [Aventus Wealth]	41,730	-	-	-	34,957.00	2.60	2.78	0.18	17,566.00	0.96	1.25	0.29	24,741.46	0.96	1.31	0.35
Icici Prudential Savings Fund- Regular- Growth	140	3.20	3.91	0.71	140.00	0.06	0.07	0.00	-	-	-	-	9,801.35	1.26	1.72	0.46
Axis Focused 25 Direct-G	29,521	0.06	0.07	0.01	-	-	-	-	-	-	-	-	-	-	-	-
		1.25	1.40	0.15	-	-	-	-	-	-	-	-	-	-	-	-
ICICI Pru Infrastructure Direct-G	11,406			-	-	-	-	-	-	-	-	-	-	-	-	-
Kotak Emerging Equity Direct-G	11,277	1.25	1.38	0.13	-	-	-	-	-	-	-	-	-	-	-	-
Kotak Equity Opportunities Direct-G	9,594	1.04	1.07	0.03	-	-	-	-	-	-	-	-	-	-	-	-
		2.29	2.46	0.17	-	-	-	-	-	-	-	-	-	-	-	-
Parag Parikh Flexi Cap Reg-G	3,43,466			-	-	-	-	-	-	-	-	-	-	-	-	-
Quant Flexi Cap Direct-G	33,978	14.80	19.07	4.27	-	-	-	-	-	-	-	-	-	-	-	-
		2.29	2.44	0.15	-	-	-	-	-	-	-	-	-	-	-	-
Nexus Select Trust REIT	49,363			-	-	-	-	-	-	-	-	-	-	-	-	-
Kotak Liquid Direct-G	94	5.08	5.28	0.20	-	-	-	-	-	-	-	-	-	-	-	-
Parag Parikh Liquid Direct-G	169	0.43	0.43	0.00	-	-	-	-	-	-	-	-	-	-	-	-
Quant Overnight Direct-G	20,889	0.21	0.22	0.00	-	-	-	-	-	-	-	-	-	-	-	-
Franklin Templeton family	412.93	0.18	0.22	0.05	-	-	-	-	-	-	-	-	1,869.14	2.30	2.41	0.12
SBI LIQUID G	630.00	2.10	2.24	0.14	-	-	-	-	-	-	-	-	-	-	-	-
	12,94,125.36	124.34	151.11	26.96	9,44,473.22	103.09	118.48	15.39	11,93,163	120.04	145.54	25.50	9,80,207.97	72.02	90.61	18.47

DIFFUSION ENGINEERS LTD
Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note 33

Tax Expense

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Current tax (including earlier years)	20.24	59.34	49.01	44.35
Deferred tax	5.07	3.98	0.28	7.01
Income tax expense reported in the statement of profit and loss	25.32	63.32	49.29	51.37

Other comprehensive income

Deferred tax charge/ (credit) on remeasurements losses of defined benefit plans

	0.17	(0.05)	0.22	0.58
Total tax expense	25.15	63.37	49.07	50.79

The major components of income tax expense and reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 2023 25.17%, and 2022 25.17% respectively and the reported tax expense in the statement of profit or loss are as follows:

Reconciliation of tax expense and the accounting profit multiplied by tax rate

Accounting profit before income tax	65.56	286.76	219.75	168.14
At country's statutory income tax rate of 25.17% 31 March 2023 and 31 March 2022: 25.17%)	16.50	72.18	55.31	42.32

Tax effect of amounts which are not deductible (taxable) in calculating taxable income:

Difference Between Book Depreciation And Tax Depreciation	0.40	(4.40)	(0.13)	(5.85)
Net Expenses disallowed/allowed under Income Tax	0.39	(0.49)	(2.52)	1.20
Fair Value Gain as per IND AS	2.86	-	-	-
Effect of Deferred Tax	5.08	3.98	0.28	7.01
Others	0.20	(6.54)	(3.90)	(0.52)
	18.51	64.74	49.04	44.17

Note 34

Earning Per Equity Share

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Net profit attributable to equity shareholders				
Net profit for the year	59.29	224.67	170.21	116.03
Nominal value of equity share Rs.	10.00	10.00	10.00	10.00
Total number of equity shares outstanding at the beginning of the year	3.74	3.74	3.74	3.74
Total number of equity shares outstanding at the end of the year	3.74	3.74	3.74	3.74
Weighted-average number of equity shares (Post Bonus Issue)	28.02	28.02	28.02	28.02
Basic (Not annualised for the period ended 30 June 2023)	2.12	8.02	6.07	4.14
Diluted (Not annualised for the period ended 30 June 2023)	2.12	8.02	6.07	4.14

Note 35

Employee benefit obligations

Defined contribution plan

The Company makes contribution to statutory provident fund as per Employees Provident Fund and Miscellaneous Provisions Act, 1952. This is a defined contribution plan as per IND-AS 19.

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Employers Contribution to Provident Fund/ Pension Fund	3.15	14.32	12.24	11.91
Employers Contribution to ESIC	0.13	1.78	1.76	2.25
Total	3.28	16.10	14.00	14.16

Defined Benefit Plan for Gratuity & for Leave Encashment :

(i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Financial statements through other comprehensive income.

(ii) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(a) Asset Volatility :

(i) The plan liabilities are calculated using a discount rate; if plan assets under perform compared to the discount rate, this will create or increase a deficit.

(ii) As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(b) Life Expectancy :

The majority of the plan's obligations are to provide benefits for the service life of the member, so increases in service life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in service life expectancy.

The amounts recognized in the Balance Sheet are as follows :

Particulars	(Rs. in Million)			
	Leave Encashment			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Present value of obligation at the end of year	2.73	2.70	2.70	2.17
Fair value of plan assets at the end of year	-	-	-	-
Net liability recognized in the Balance Sheet	2.73	2.70	2.70	2.17

The amounts recognized in the Balance Sheet are as follows :

Particulars	(Rs. in Million)			
	Gratuity			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Present value of obligation at the end of year	23.70	22.60	19.43	17.12
Fair value of plan assets at the end of year	26.90	27.06	21.21	19.21
Net liability (asset) recognized in the Balance Sheet	(3.20)	(4.46)	(1.78)	(2.09)

The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	(Rs. in Million)			
	Leave Encashment			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Current Service Cost	-	0.96	0.96	0.28
Interest Cost	0.05	0.19	0.15	0.14
Past Service Cost	-	-	-	-
Benefits Paid	-	-	-	-
Recognized Net Actuarial (Gain)/ Loss	(0.01)	(1.15)	(0.57)	0.36
Total, included in Employee Benefit Expenses	0.03	0.00	0.53	0.78

The amounts recognized in the Statement of Profit and Loss are as follows:

Particulars	(Rs. in Million)			
	Gratuity			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Current Service Cost	0.58	2.17	1.93	1.20
Interest Cost	0.40	(0.34)	(0.22)	(0.33)
Past Service Cost	-	-	-	-
Benefits Paid	-	-	-	-
Recognized Net Actuarial (Gain)/ Loss	-	-	-	-
Total, included in Employee Benefit Expenses	0.98	1.83	1.71	0.87

Changes in present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows :

Particulars	(Rs. in Million)			
	Leave Encashment			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation at beginning of the year	2.70	2.70	2.17	2.31
Current Service Cost	-	0.96	0.96	0.28
Past Service Cost	-	-	-	-
Interest Cost	0.05	0.19	0.15	0.14
Benefits Paid	-	-	-	(0.92)
Actuarial (Gain)/ Loss	(0.01)	(1.15)	(0.57)	0.36
Defined benefit obligation at the end of the year	2.73	2.70	2.70	2.17

Particulars	(Rs. in Million)			
	Gratuity			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit obligation at beginning of the year	22.60	19.43	17.12	14.20
Current Service Cost	0.58	2.17	1.93	1.20
Past Service Cost	-	-	-	-
Interest Cost	0.40	1.34	1.10	0.91
Benefits Paid	(0.27)	(1.21)	(1.59)	(1.09)
Other (Employee contribution,tax expenses)	(0.02)	(0.06)	-	-
Actuarial (Gain)/ Loss	0.41	0.94	0.87	1.89
Defined benefit obligation at the end of the year	23.70	22.60	19.43	17.12

Particulars	(Rs. in Million)			
	Gratuity			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Defined benefit plan at beginning of the year	27.06	21.21	19.21	15.45
Interest income	0.47	1.67	1.32	1.24
Employer contribution	-	4.32	2.29	3.70
Benefits Paid	(0.29)	(1.27)	(1.59)	(1.09)
Actuarial Gain/ (Loss)	(0.35)	1.14	(0.02)	(0.10)
Defined benefit plan at the end of the year	26.90	27.06	21.21	19.21

The Financial assumptions used in accounting for the Gratuity Plan & Leave Encashment are set out below:

Particulars	Leave Encashment			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Discount Rate	7.19%	7.35%	7.11%	6.77%
(ii) Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%

Particulars	Gratuity			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Discount Rate	7.19%	7.35%	7.11%	6.77%
(ii) Salary Escalation Rate	5.00%	5.00%	5.00%	5.00%
(iii) Expected Rate of Return on Plan Assets	7.19%	7.35%	7.11%	6.77%

The Demographic assumptions used in accounting for the gratuity plan & leave encashment are set out below:

Particulars	Leave Encashment			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Retirement Age	58 years	58 years	58 years	58 years
(ii) Employee Turnover :				
18-30 Years	1.00%	1.00%	1.00%	1.00%
30-45 Years	1.00%	1.00%	1.00%	1.00%
Above 45 Years	1.00%	1.00%	1.00%	1.00%

Particulars	Gratuity			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Retirement Age	58 years	58 years	58 years	58 years
(ii) Employee Turnover :				
18-30 Years	1.00%	1.00%	1.00%	1.00%
30-45 Years	1.00%	1.00%	1.00%	1.00%
Above 45 Years	1.00%	1.00%	1.00%	1.00%

Bifurcation of Present Value of Obligations at the end of the valuation period as per Schedule III of the Companies Act, 2013

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
(i) Current liabilities	2.46	2.46	2.06	1.77
(ii) Non Current liabilities	20.14	21.04	17.37	15.35

The Sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Expected Cash flow for following years

Gratuity:

		(Rs. in Million)		
Expected Cash Flow for the Next Ten Years	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Year 1	2.61	2.46	2.06	17.70
Year 2	1.69	1.95	0.85	6.44
Year 3	1.43	1.32	1.72	7.04
Year 4	2.17	2.22	1.20	7.04
Year 5	1.43	1.08	2.00	13.48
Year 6 to 10	9.48	9.55	6.61	65.72

The estimates of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotions and other relevant factors such as supply and demand in the employment market. The Company evaluates these assumptions annually based on its long-term plans of growth and industry standards. The discount rate is based on prevailing market yields on government securities as at balance sheet date for the estimated term of the obligations.

Note 36

Contingent Liabilities

Contingent Liabilities not provided for :

Claims against the company not acknowledge as Deb

a. Excise duty liability disputed

	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
	-	1.66	1.66	1.66
	-	1.66	1.66	1.66

Note 37

Related party transactions

37.1 Names of related parties and description of relationship:

Relationship	Name of the related party
Associate of Subsidiary	M/s Meediff SD. BHD.
Joint Venture	LSN Diffusion Ltd
Key Management Personnel	Mr. Prashant Garg Mr. Ajay Jain Ms. Anita Vijaykar Mr Abhishek Mehta Ms Chanchal Jaiswal
Relatives of Key Managerial Personnel	Mrs. Chitra N Garg N. K. Garg HUF Mr. Nitin N Garg Mrs Neelu Garg Ajay Jain (H.U.F) Mrs Daksha Jain Mrs Disha Mehta
Common Management	Devi Kiran Advisory Services LLP Benvira Forward Algorithms LLP

37.2 Details of related party transactions

	Quarter Ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Sales				
M/s Meediff SD. BHD.	3.90	8.94	7.67	14.32
		-	-	-
Total Credit Notes Towards Commission				
LSN Diffusion Ltd	1.48	0.57	0.43	0.06
		-	-	-
Purchase				
Benvira Forward Algorithms LLP		-	-	0.30
LSN Diffusion Ltd	5.99	35.37	27.59	27.72
		-	-	-

Reimbursement		-	-	-
Benvira Forward Algorithms LLP	0.00	0.29	0.35	0.02
LSN Diffusion Ltd	-	0.21	-	-
Mr. Prashant Garg	0.53	2.59	2.32	1.15
		-	-	-
Commission		-	-	-
Mr. Prashant Garg	0.63	2.50	4.00	3.80
Mr. Ajay Jain	0.09	0.35	0.35	0.25
Mrs. Neelu Garg	0.88	3.50	2.00	1.20
Mrs. Renuka Garg	0.09	0.35	0.35	0.25
Ms. Anita Vijaykar	0.09	0.35	0.35	0.25
		-	-	-
Debit / (Credit) due to exchange fluctuation		-	-	-
LSN Diffusion Ltd	-	-0.28	0.26	
M/s Mecdiff SD. BHD.	0.01	0.11	-0.19	
		-	-	-
Dividend		-	-	-
Mr. Prashant Garg	-	4.37	5.83	5.10
Ajay Jain (H.U.F)	-	0.03	0.04	0.04
Mr. Nitin N Garg	-	2.95	4.23	3.70
Mrs Daksha Jain	-	0.00	0.00	0.00
Mrs. Chitra N Garg	-	2.55	3.40	2.97
Mrs. Neelu Garg	-	0.03	0.04	0.03
Mrs. Renuka Garg	-	0.23	0.30	0.26
N. K. Garg HUF	-	0.89	1.19	1.04
Ms. Anita Vijaykar	-	0.00	-	-
		-	-	-
Medical Re-imbursenent		-	-	-
Mr. Prashant Garg	-	-	-	0.03
		-	-	-
Remuneration		-	-	-
Mr. Prashant Garg	4.05	16.65	13.05	12.00
Mrs. Neelu Garg	1.38	1.92	1.64	1.26
		-	-	-
Key Managerial Personnel				
Mr Abhishek Mehta	0.46	-	-	-
Ms Chanchal Jaiswal	0.04	-	-	-
Relatives of Key Managerial Personnel				
Mrs Disha Mehta	0.39	-	-	-
Rent		-	-	-
Mrs. Chitra N Garg	0.73	2.67	2.47	2.28
N. K. Garg HUF	0.05	0.19	0.19	0.17
Mr. Prashant Garg	0.18	0.70	0.64	0.59
		-	-	-
	20.96	88.01	78.51	78.79

37.3

Details of outstanding to/from related parties

	Quarter Ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Trade Payables				
Benvira Forward Algorithms LLP		-	0.16	-
LSN Diffusion Ltd	4.51	1.48	1.65	10.52
		-	-	-
Trade receivables				
M/s Mecdiff SD. BHD.	3.90	1.51	0.23	9.28
	-	-	-	-
Total Debit Notes towards expenses	-	-	-	-
Diffusion MGM Machines Pvt Ltd.		-	-	-
		-	-	-
Reimbursement Payable				
Mr. Prashant Garg	-	0.16	-	-
		-	-	-
Advances				
Nitin Grag	10.83	-	-	-
Prashant grag	10.83	-	-	-
Chitra Grag	10.83	-	-	-
Total	32.50	-	-	-

Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note 38

Financial Instruments by Category

A. Fair Values

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the Group

Financial Instruments by category	Carrying Value			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Financial Assets at Amortised Cost				
Cash and Bank Balances	25.88	45.31	35.66	46.79
Investments	151.63	179.78	163.20	106.25
Other Financial Assets	74.19	97.27	67.82	53.82
Trade Receivables	626.44	701.35	503.45	430.81
Loans and advances	80.17	50.06	27.84	34.56
Total	958.30	1,073.77	797.98	672.23
Financial Liabilities at Amortised Cost				
Trade Payables	147.55	247.38	308.53	189.47
Borrowings	394.48	480.92	245.95	196.90
Other Financial Liabilities	44.20	16.18	20.24	24.39
Total	586.23	744.48	574.72	410.76

Financial Instruments by category	Fair Value			
	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Financial Assets at Amortised Cost				
Cash and Bank Balances	25.88	45.31	35.66	46.79
Investments	224.42	195.03	188.79	124.86
Other Financial Assets	74.19	97.27	67.82	53.82
Trade Receivables	626.44	701.35	503.45	430.81
Loans and advances	80.17	50.06	27.84	34.56
Total	1,031.09	1,089.03	823.56	690.84
Financial Liabilities at Amortised Cost				
Trade Payables	147.55	247.38	308.53	189.47
Borrowings	394.48	480.92	245.95	196.90
Other Financial Liabilities	44.20	16.18	20.24	24.39
Total	586.23	744.48	574.72	410.76

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, loans, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term receivables/payables are evaluated by the Company based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs based on unobservable market data.

Quantitative Disclosures of Fair Value Measurement Hierarchy for Assets:

(Rs. in Million)

Particulars	Carrying Amount	As at June 30, 2023		
		Level of input used in		
		Level 1	Level 2	Level 3
Financial Assets at Amortised Cost				
Cash and Bank Balances	25.88	-	-	25.88
Investments	151.63	151.34	-	0.28
Other Financial Assets	74.19	-	-	74.19
Trade Receivables	626.44	-	-	626.44
Financial Liabilities at Amortised Cost				
Trade Payables	147.55	-	-	147.55
Borrowings	394.48	-	-	394.48
Other Financial Liabilities	44.20	-	-	44.20

39 Financial Instruments (Contd.)

B. Financial Risk Management

Diffusion engineers limited is exposed primarily to market risk (fluctuation in foreign currency exchange rates & interest rate), credit, liquidity which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment & seeks to mitigate potential adverse effects on the financial performance of the Group.

1. Capital Management :

The Group's capital management objectives are:

- The Board policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital employed.
- The Group manages capital risk by maintaining sound/optimal capital structure through monitoring of financial ratios, such as debt-to-equity ratio and net borrowings-to-equity ratio on a monthly basis and implements capital structure improvement plan when necessary.
- The Group uses debt equity ratio as a capital management index and calculates the ratio as the net debt divided by total equity. Net debts and total equity are based on the amounts stated in the financial statements.

(iv) Debt Equity Ratio is as follows:

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Debt (A)	394.48	480.92	245.95	196.90
Equity (B)	1,481.25	1,419.97	1,206.48	1,051.22
Debt Equity Ratio (A/B)	0.27	0.34	0.20	0.19

2. Credit Risk :

- Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.
- Financial instruments that are subject to concentration of credit risk principally consists of trade receivables, investments, derivative financial instruments and other financial assets. None of the financial instruments of the Group results in material concentration of credit risk.

3. Liquidity Risk :

Liquidity Risk Management : Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of Borrowings :

The following table details the Group's expected maturity for borrowings :

Exposure to Risk	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Interest bearing borrowings:				
On Demand	398.32	451.32	196.16	116.25
Less than 180 Days		10.13	10.90	12.94
181-365 Days		2.78	10.90	12.50
More than 365 Days		16.69	27.99	55.20

4. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency Exchange Rate Risk :

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in AED, US Dollar, Australian Dollar, Great Britain Pound, Euro, JPY against the respective functional currencies of the Group. The Group, as per its risk management policy, evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks & uses derivative instruments primarily to hedge foreign exchange (if required).

Foreign Currency Exposures :

Particulars	Currency type	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
I. Trade receivables/Advance	USD	1.22	1.54	0.80	1.16
	EURO		0.07	0.07	0.02
	SGD	0.03	0.03	0.01	-
	AED		-	0.00	-
	AUD	0.01	0.01	-	-
Total		1.26	1.65	0.88	1.18
II. Borrowing balances :	USD	0.25	0.27	0.34	0
Total		0.25	0.27	0.34	-
III. Trade payables :	USD	0.24	0.11	0.23	0.34
	EUR	0.02	0.22	0.06	0.02
Total		0.26	0.33	0.29	0.36

Foreign Currency Sensitivity :

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

DIFFUSION ENGINEERS LTD

Notes forming part of the Ind AS financial statements (continued)

(All amounts in rupees Million, unless otherwise stated)

Note 40**Ratio Analysis**

Sr No.	Ratio Analysis	Numerator	Denominator	30-06-2023 (Not Annualized)	31-Mar-23	31-Mar-22	31-Mar-21	% Variance	Variance Reason
1	Current Ratio	Current Assets	Current Liabilities	1.81	1.70	1.69	1.97	0.55%	Increase in short term borrowing due to high volume of purchases Reduction in Debt
2	Debt Equity Ratio	Total Liabilities	Shareholder's Equity	0.27	0.34	0.20	0.19	66.14%	
3	Debt Service Coverage Ratio	Earnings available for	Debt Service	3.60	10.93	8.62	5.42	26.68%	
4	Return on Equity Ratio	Profit After Tax	Avg. Shareholders Equity	4.31%	16.86%	15.10%	11.64%	11.68%	
5	Inventory Turnover Ratio	Net Sales	Average Inventory	1.29	5.38	5.65	4.17	-4.69%	
6	Trade Receivables Turnover Ratio	Net Credit Sales	Average Trade Receivables	1.01	4.29	4.47	4.11	-3.91%	
7	Trade Payables Turnover Ratio	Total Purchases	Average Trade Payables	1.59	5.12	4.96	2.96	3.24%	
8	Net Capital Turnover Ratio	Net Sales	Average Working Capital	1.17	5.18	4.99	4.43	3.99%	
9	Net Profit Ratio	Profit After Tax	Net Sales	0.09	0.09	0.08	0.07	6.32%	
		EBIT	Capital Employed						
10	Return on Capital employed			4.97%	18.46%	17.30%	11.18%	6.73%	
11	Return on Investment	Profit After Tax	Total Equity	4.22%	15.60%	14.13%	11.09%	10.38%	

Note- Variance is calculated between Mar'23 and Mar'22 Figures and reasons given thereon. June'23 Figures are not annualized hence variance is not calculated for June'23

Explanation :

Total Debt represents Current Borrowings + Non Current Borrowings.

Shareholders Equity represents Equity Share Capital + Other equity

Earnings available for debt service represents Profit Before Tax + Depreciation and Amortizations + Interest on Debt + Loss on Sale of Fixed Assets.

Debt Service represents Interest on Debt + Scheduled Principal Repayment of Non Current Borrowings

Net Sales represents Domestic Sales + Export Sales + Scrap Sales

Capital Employed represents Total Equity + Borrowings

Notes forming part of the Ind AS financial statements (continued)
(All amounts in rupees Million, unless otherwise stated)

Note No. 41
Segment reporting

Basis for segmentation

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chairman and Managing Director (CMD) to make decisions about resources to be allocated to the segments and assess their performance.

The Group has three reportable segments, as described below, which are the Group's strategic business units. These business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the business units, the Group's Chairman & Managing Director reviews internal Group management reports periodically. The CMD is designated as the Chief Operating Decision Maker (CODM).

Business Segment

Manufactured Products

Trading Products

Job Works

Description of products/services

Welding Electrodes, Flux Cord Wires, SOP, Diffcor,

TIG, MIG, Filler Wires, Thermal Spray Powders,

Service Welding & Reconditioning Jobs.

Particulars	Quarter ended 30 June 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
a) Segment revenue from operations				
Manufactured Products				
Local	461.42	2,024.99	1,631.27	1,187.17
Export	47.10	283.48	160.34	183.88
Trading Products				
Local	56.94	201.37	132.59	86.31
Export	-	-	-	-
Job Works				
Local	28.42	215.66	201.76	149.95
Export	60.20	10.85	1.39	4.30
Gross Segment revenue from operations	654.08	2,736.36	2,127.35	1,611.61
Unallocable revenue from operation	4.38	23.58	15.39	18.60
Less:- Inter segment		-	-	-
Manufactured Products		(211.18)	(96.85)	(77.57)
Total Segment revenue from operations	658.46	2,548.76	2,045.89	1,552.63
b) Segment profit/(loss) before tax & interest				
Manufactured Products	88.10	353.88	578.68	479.24
Trading Products	0.65	145.24	43.23	21.38
Job Works	36.86	172.21	173.35	134.16
Net segment profit before tax & interest	125.61	671.33	795.26	634.79
Reconciliation of segment profit with profit before tax				
Finance Cost	6.04	22.95	13.84	20.00
Other unallocated corporate expenses net off	36.16	399.73	603.04	486.71
Unallocable income	(4.38)	(37.96)	(41.36)	(40.07)
Profit before tax as per statement of profit and loss	87.79	286.60	219.75	168.14

42 Additional Information Regarding Subsidiaries as per Schedule III of the Companies Act, 2013

(Rs. in Million)

Name of the Entity	Net Assets		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
For Quarter Ended June 2023				
a) Parent				
Parent- Diffusion Engineers Ltd.	95.03%	1,412.91	21.41%	46.88
b) Subsidiaries				
Indian				
Diffusion Super-Conditioning Services Pvt. Ltd.	0.55%	8.16	0.16%	0.35
Nowelco Industries Pvt. Ltd.	0.35%	5.24	0.44%	0.95
Diffusion Hernon Adhesive & Sealant Pvt. Ltd.	0.15%	2.25	0.04%	0.09
Foreign	0.00%			
Diffusion Engineers Singapore Pte. Ltd.	0.65%	9.67	-0.64%	(1.39)
Diffusion Wear Solutions Philippines Inc.	4.90%	72.83	8.84%	19.36
Adjustments arising out of consolidation	-1.64%	(24.34)	-0.42%	-0.92
Total	100%	1,486.73	30%	65.31

Name of the Entity	Net Assets		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount
F.Y. 2022-23				
a) Parent				
Parent- Diffusion Engineers Ltd.	90.91%	1,364.66	76.19%	166.79
b) Subsidiaries				
Indian				
Diffusion Super-Conditioning Services Pvt. Ltd.	0.52%	7.82	0.29%	0.63
Nowelco Industries Pvt. Ltd.	0.29%	4.29	-0.18%	(0.40)
Diffusion Hernon Adhesive & Sealant Pvt. Ltd.	0.13%	1.96	0.09%	0.19
Foreign				
Diffusion Engineers Singapore Pte. Ltd.	1.89%	28.38	-0.13%	(0.29)
Adjustments arising out of consolidation	2.65%	39.72	13.43%	29.40
Total	100%	1,501.10	100%	218.92

OTHER FINANCIAL INFORMATION

Particulars	For the three months period ended June 30, 2023	For the Fiscal March 31, 2023	For the Year ended March 31, 2022	For the Year ended March 31, 2021
Basic EPS (in ₹)	2.22	7.91	6.08	4.18
Diluted EPS (in ₹)	2.22	7.91	6.08	4.18
Return on net worth (%)	4.31%	16.86%	15.10%	11.64%
Net asset value per equity share (in ₹) ⁽¹⁾	52.86	50.67	43.06	37.52
EBITDA (in ₹ million)	106.40	347.97	275.22	227.00

⁽¹⁾ NAV is calculated after taking effect of Bonus issue approved by shareholders on the EGM Dated October 11, 2023 and allotment approved by Board on November 29, 2023.

Notes: The ratios have been computed as under:

1. Basic and diluted EPS: Restated profit for the year of the Company divided by total weighted average number of equity shares outstanding at the end of the year. Basic and diluted EPS are computed in accordance with Ind AS 33 - Earnings per share.
2. Return on Net Worth: Net Profit after tax, as restated, divided by average net-worth, as restated (Equity attributable to the owners of the company, excluding non-controlling interest)
3. Net assets value per share (in ₹): Net asset value per share is calculated by dividing Net Worth as of the end of relevant year/ period divided by the number of equity shares outstanding at the end of the year / period adjusted for the Impact of Bonus issue after end of the year/period but before the date of filing of this Draft Red Herring Prospectus.
4. EBDITA means Profit before depreciation, finance cost, tax and amortization.
5. Accounting and other ratios are derived from the Restated Consolidated Financial Statements.
6. Our Company have issued six bonus shares of face value ₹ 10 each for every one existing fully paid-up equity share of face value ₹ 10 each on November 29, 2023. The impact of issue of bonus shares are retrospectively considered for the computation of earnings per share as per the requirement of Ind AS 33

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at June 30, 2023, on the basis of the Restated Consolidated Financial Statements, and as adjusted for the Issue. This table should be read in conjunction with "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 37, 296 and 333, respectively.

Statement of Capitalization as on June 30, 2023 on consolidated basis:

(in ₹ Million, except ratio)

Particulars	Pre-Issue	Post Issue
<u>Borrowings</u>		
Short- term	370.55	[●]
Long- term (including current maturities) (A)	23.93	[●]
Total Borrowings (B)	394.48	[●]
<u>Shareholder's fund</u>		
Equity Share capital	37.37	[●]
Other Equity	1443.87	
Total Shareholder's fund (C)	1481.24	[●]
Long- term borrowings / equity ratio {(A)/(C)}	0.02	[●]
Total borrowings / equity ratio {(B)/(C)}	0.27	[●]

Notes:

(1) The corresponding post IPO capitalization data for each of the amounts given in the above table is not determinable at this stage pending the completion of the book building process and hence the same have not been provided in the above statement.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations, and our assessment of the factors that may affect our prospects and performance in future periods, together with our Restated Consolidated Financial Statements for three-month period ended June 30, 2023 and Financial Years 2023, 2022 and 2021 including the notes thereto and reports thereon, each included in this Draft Red Herring Prospectus. Unless otherwise stated, financial information used in this section is derived from the Draft Restated Consolidated Financial Statements.

While we have historically prepared our financial statements in accordance with Indian GAAP, in accordance with applicable law, we have adopted Indian Accounting Standards (Ind AS) with effect from April 01, 2021, with a transition date of April 01, 2021. This section includes a discussion of financial statement for three-month period ended June 30, 2023 and for the Financial Years 2023, 2022 and 2021 which were prepared under Ind AS. For the purposes of transition to Ind AS, we have followed the guidance prescribed in “Ind AS 101 - First Time adoption of Indian Accounting Standard”. The Restated Consolidated Financial Statements, prepared and presented in accordance with Ind AS and in accordance with the requirements of Section 26 of the Companies Act, the SEBI ICDR Regulations and the “Guidance Note on Reports in Company Prospectus (Revised 2019)” issued by the ICAI.

Ind AS differs in certain material respects from Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which our financial statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS. As a result, the Restated Consolidated Financial Statements may not be comparable to our historical financial statements.

This discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and our financial performance, which are subject to numerous risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. You should also read “Forward-Looking Statements” and “Risk Factors” on pages 26 and 37, respectively, which discuss a number of factors and contingencies that could affect our business, financial condition and results of operations. Our Financial Year ends on March 31 of each year and accordingly, references to Financial Year, are to the 12-month period ended March 31 of the relevant year.

Unless the context otherwise requires, in this section, references to “we”, “us”, “our”, “the Company” or “our Company” refers to Diffusion Engineers Limited.

Unless otherwise indicated, industry and market data used in this section has been derived from the report titled “Assessment of the Welding consumables, Wear plates and Heavy Engineering market in India” dated November 2023 (the “CRISIL Report”) prepared and issued by CRISIL Limited commissioned by us in connection with the Issue. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see “Risk Factor No. 49 – Certain sections of this Draft Red Herring Prospectus disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Offer There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.” on page 70. Also see, “Currency Conventions, Currency of Presentation, Use of Financial Information, Industry and Market Data” on page 22.

OVERVIEW

We are a multi-product company providing engineering solutions to customers both in domestic and international market. Our Company has been in existence for over four decades and provide a wide range of products and services including manufacturing of customized welding consumables, wear plates and heavy engineering equipment for various industries and provide personalized services of repair and reconditioning of heavy machinery and equipment fabrication. We are also involved in trading of electrode powder and welding and cutting machinery. We initially started manufacturing of 'Super Conditioning', a surface treatment solution for machine components that greatly improves wear resistance, eliminates stress and increases their repairability leading to extended life of industrial parts resulting in smoother functioning and economy in production costs. We have developed a synergistic system of forward integration whereby we manufacture special purpose electrodes which are being further utilized for the manufacturing of wear plates. These wear plates are being utilized for manufacturing heavy engineering machinery. The manufacturing process is being completely utilized, ensuring economies of scale and minimal wastage. This forward integration helps in achieving efficiency in the production process and gaining competitive advantage, reduction in product costs, control over supply of raw materials and reduce our dependency on third parties for our operations.

Welding consumables market in India is estimated at around Rs 46 billion in fiscal 2023, with fiscal 2026 projections around Rs 58-60 billion. Due to the rise in demand for improved infrastructure, a lot of investment is happening in infrastructure development, such as construction of roads, bridges, ports and airports. Wear plates market in India is estimated around Rs 20 Bn in FY23 and is expected to grow at a CAGR of 8.5-9.5% to reach ~Rs 26 Bn in FY26. Wear plates are essential part of the industries such as power plants, steel mills, quarrying, cement etc, as these plates protect key components of these industry. As India continue to undergo rapid industrialization, each of these industries would grow and require wear plates to protect their equipment and machinery. The Indian heavy engineering capital goods industry is estimated to be Rs 2650-2750 billion as of FY23 and is projected to clock a CAGR of 7-8% over FY23-26. The industry expected to reach Rs 3300-3400 billion in size by FY26. Heavy electrical engineering, earthmoving, construction and Mining Machinery, and Process Plant Equipment are the largest segments of the industry. (Source: CRISIL Report)

We are focused on quality and design, which has allowed us to develop products suited to our customers' requirements. We have the expertise to design and develop advanced in-house which enables us to manufacture complex and specialised heavy engineering equipment and components. Our Company, which housed a team of over 131 qualified engineers as of November 30, 2023, along with our decades of experience in welding consumables and wear plates, enables us to develop specialized products and solutions.

We operate from four manufacturing units, out of which Unit I, II and III are located in Nagpur Industrial Area, Hingna, Nagpur – 440 016, Maharashtra and Unit IV is located in Khapri (Uma), Nagpur – 441 501, Maharashtra for processing and manufacturing of our products. Our manufacturing Units are strategically located in the central part of the country with availability of all modes of transportation. This facilitates convenient transportation of our products, sourcing of raw materials and easy access to customers.

Our registered office is located at T-5 & T-6, Nagpur Industrial Area, MIDC, Hingna, Nagpur - 440016 Maharashtra. We have also overseas presence through our Subsidiaries in Philippines, Malaysia and Singapore and Joint Venture in United Kingdom.

We invest in R&D activities to create a differentiating factor and sustainability in our welding consumables products vis-à-vis our competitors and our clients specific requirements. Our R&D Facility is equipped with laboratory infrastructure for various developmental activities which includes process, finished products and other raw materials. We have a dedicated DSIR-approved R&D facility situated at Unit I. We have a certificate of Accreditation by National Accreditation Board for Testing and Calibration Laboratories -

ISO/IEC 17025:2017 for General Requirements for the Competence of Testing & Calibration Laboratories. We undertake multiple stringent quality checks and have Environment Management System (EMS) certification by TÜV SÜD South Asia Private Limited, Quality Management System (QMS)-ISO 9001:2015 and Environment Management System – ISO 14001:2015.

We manufacture special purpose welding electrodes at Unit I; flux cored wires and wear plates at Unit II; coatings for abrasion and corrosion resistances at Unit III; and flux cored wires, wear plates and heavy engineering machinery at our Unit IV. Our Units are supported by infrastructure for storage of raw materials, manufacturing of our products, storage of finished goods, together with a quality control.

Our Company was incorporated in the year 1982. We initially started trading in welding electrodes for Super-conditioning. From the year 1993, we started manufacturing welding electrodes. In the year 1994, we acquired our Unit I for manufacturing welding electrodes. Subsequently, we acquired Unit II as a dedicated unit for manufacturing wear plates and flux cored wires. In the year 2015, we acquired our Unit III for manufacturing coatings for abrasion and corrosion resistances and set up Unit IV for manufacturing heavy engineering equipment. Subsequently, we have also started production of flux cored wires and wear plates from Unit IV for which we have made an application on December 11, 2023 with MPCB.

Prashant Garg, our Promoter and Managing Director, has been instrumental in steering our company towards forward integration from manufacturing welding consumables to heavy engineering equipment and adding new product lines to our business. He has paved the way for the concept of total wear solutions.

We intend to expand our portfolio of welding consumables by manufacturing of powders for corrosion and abrasion resistance to be used in welding applications into our product line. For further information, see “Proposed Expansion Plans” and “Objects of the Issue” on pages 242 and 146, respectively.

The table below sets forth certain key operational and financial metrics for the periods indicated:

(₹ in Million, except percentages)

Particulars	For three-month period ended June 30, 2023	Fiscal		
		2023	2022	2021
Financial KPIs				
Revenue from operations	658.46	2,548.76	2,045.89	1,552.63
EBITDA	106.40	347.97	275.22	227.00
EBITDA margin	16.16%	13.65%	13.45%	14.62%
Restated profit for the year	62.55	221.45	170.46	116.63
Restated profit for the year as % of Revenue (PAT margin)	9.50%	8.69%	8.33%	7.51%
Average Capital employed	1,888.31	1,676.66	1,350.28	1,850.50
ROCE (%)	4.97%	18.46%	17.30%	11.18%
ROE (%)	4.31%	16.86%	15.10%	11.64%
Debt-to-Equity ratio	0.27	0.34	0.20	0.19
Operational KPIs				
Revenue per sales person	3.29	13.54	10.11	7.68
Revenue per order of Wear Parts and Job Work	0.22	0.26	0.20	0.13
Revenue per order of Heavy Engineering Division	0.74	0.65	0.81	0.79

Notes:

- i) Revenue from Operations means the Revenue from Operations as appearing in the Restated Consolidated Financial Statements.
- j) EBITDA refers to earnings before interest, taxes, depreciation, amortisation, gain or loss from discontinued operations and exceptional items. Operating EBITDA excludes other income. EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period.
- k) Restated Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our total revenue.
- l) Average Capital employed is calculated as average of opening and closing Networth and total debt during the period.
- m) RoCE (Return on Capital Employed) (%) is calculated as EBIT divided by average capital employed. Average Capital employed is calculated as average of opening and closing Networth and total debt during the period.
- n) Return on equity (RoE) is equal to profit for the year divided by the average total equity and is expressed as a percentage.
- o) Debt to equity ratio is calculated by dividing the debt (i.e., borrowings (current and non-current) and current maturities of long-term borrowings) by total equity (which includes issued capital and all other equity reserves).
- p) Revenue per Sales persons is total revenue from operation (consolidated) divided by total sales strength (including subsidiaries) i.e. average sale by an individual.
- q) Revenue per order of Wear Parts and Service Welding is total revenue from operation of Fabrication and Job Work of Unit divided by total orders executed. This shows the average size per order.
- r) Revenue per order of Heavy Engineering Division is total revenue from operation of Heavy Engineering Division divided by total orders executed. This shows the average size per order.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “Risk Factors” beginning on page 37 of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

We do not have long-term agreements with our suppliers for raw materials

Our purchases of raw materials are concentrated from a few suppliers with our top 10 suppliers contributing of the total purchases of raw materials on restated standalone financial statement are as follows:

Fiscal	Amount (₹ in million)	% of total purchase
For the period ended June 30, 2023	244.68	64.87
2023	719.94	49.49
2022	603.03	49.43
2021	329.69	50.80

Our ability to remain competitive, maintain costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices. Our major raw materials include steel plates, mild steel plates, pipes, stainless steel, iron, iron sheets or strips of steel, nickel. We depend on external suppliers for all the raw materials required and typically purchase raw materials on a purchase order basis and place such orders with them in advance based on our requirements. As a result, the success of our business is significantly dependent on maintaining good relationships with our raw material

suppliers. The absence of long-term supply contracts subjects us to risks such as price volatility caused by various factors viz. commodity market fluctuations, currency fluctuations, climatic and environmental conditions, transportation cost, changes in domestic as well as international government policies, regulatory changes and trade sanctions. Some part of our raw materials are also imported. China, United Kingdom, Germany, Italy, Spain, Singapore and Hong Kong constitute the countries from where major portion of the raw materials were imported during the last three Fiscal years. As a result, we continue to remain susceptible to the risks arising out of foreign exchange rate fluctuations as well as import duties, which could result in a decline in our operating margins. If we cannot fully offset the increase in raw material prices with increase in the prices for our products, we will experience lower profit margins, which in turn may have a material adverse effect on our results of operations, financial condition and ultimately lead to a liquidity crunch. In the absence of such contracts, we are also exposed to the risk of unavailability of raw materials in desired quantities and qualities, in a timely manner.

Our businesses are dependent on the performance of certain other industries.

We are dependent on the following industries for deriving a major portion our revenues. The following table sets forth revenues generated from the sale of products on restated standalone financial statement from each of the other industries for both of our businesses, for the periods indicated.

End-use segment	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
Cement	292.63	47.80%	747.09	30.61%	719.13	36.74%	518.98	34.07%
Engineering	34.21	5.59%	262.36	10.75%	145.50	7.43%	74.86	4.91%
Power	51.77	8.46%	325.82	13.35%	291.76	14.90%	303.89	19.95%
Steel	43.28	7.07%	291.19	11.93%	213.35	10.90%	109.68	7.20%
Sugar	31.00	5.06%	104.00	4.26%	91.60	4.68%	87.80	5.76%
Total	452.90	73.97%	1,730.46	70.90%	1,461.34	74.65%	1,095.20	71.90%

The remainder of our revenues are generated from sales to other sectors and also sales through our distributors, both in domestic and overseas market, which may include sales to the aforesaid sectors.

Any slowdown in these sectors or any loss of business from, or any significant reduction in the volume of business with, customers operating in these other industries, if not replaced, could materially and adversely affect our business, financial condition and results of operations. As a result of our dependence on customers in these other industries, we are exposed to fluctuations in the performance of these other industries globally, and in India. These other industries are sensitive to factors such as consumer demand, consumer confidence, disposable income levels and employment levels.

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

We sell at our standard terms with payment due before dispatch and conduct our business on the basis of various milestone payments. A small percentage of our sales are to customers on an open credit basis, with standard payment terms of generally between 30 to 90 days. While we generally monitor the ability of our customers to pay these open credit arrangements and limit the credit we extend to what we believe is reasonable based on an evaluation of each customer's financial condition and payment history, we may still experience losses because of a customer being unable to pay. As a result, while we maintain what we believe

to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate.

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

Particulars	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ in million)	% of total sales	Amount (₹ in million)	% of total sales	Amount (₹ in million)	% of total sales	Amount (₹ in million)	% of total sales
Trade Receivables	626.44	92.98%	701.35	27.11 %	503.45	24.12%	430.81	27.04
Bad debts written off	0.61	0.1%	3.88	0.15%	1.39	0.06%	2.96	0.18%
Disputed trade receivables which have significant increase in credit risk	4.80	0.71%	6.48	0.25%	5.55	0.26%	4.69	0.29%

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

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

Set forth below is certain information on our geography-wise domestic revenue from operations is on restated standalone financial statement for the periods indicated:

Zone	Break-up of total domestic revenue from operations (%)			
	For the period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
West	29.74%	26.46%	33.48%	27.15%
South	17.53%	24.73%	17.24%	25.02%
North	15.12%	11.78%	16.11%	12.90%
East	14.49%	14.49%	12.92%	11.78%
Central	15.21%	10.49%	11.98%	10.79%

We have historically derived a significant portion of our revenue from sales in the western and southern zone. For the period ended June 30, 2023, Fiscal 2023, 2022 and 2021 the revenue generated from sales in western and southern zone cumulatively represented 47.27%, 51.19%, 50.72% and 52.17% of our revenue from domestic sales. Accordingly, any materially adverse social, political or economic development, natural calamities, civil disruptions, regulatory developments or changes in the policies of the state or local government in this region could adversely affect our manufacturing and distribution activities, result in modification of our business strategy or require us to incur significant capital expenditure, which will in turn have a material adverse effect on our business, financial condition, results of operations, and cash flows. Further, our sales from this region may decline as a result of increased competition, regulatory action, pricing pressures, fluctuations in the

demand for or supply of our products or services, or the outbreak of an infectious disease such as COVID-19. Our failure to effectively react to these situations or to successfully introduce new products or services in these markets could adversely affect our business, prospects, results of operations, financial condition, and cash flows. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

Our business and profitability is substantially dependent on the availability and cost of our raw materials

We are engaged in the manufacturing of complex and high precision engineered components, requiring raw materials having certain technical specifications. The tables below provide cost of raw materials and components consumed as a percentage of our total revenue in the years/ periods indicated:

Particulars	For the period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount (₹ in million)	% of total revenues	Amount (₹ in million)	% of total revenues	Amount (₹ in million)	% of total revenue	Amount (₹ in million)	% of total revenues
Cost of Raw Materials and Components Consumed	324.46	48.16	1,376.33	53.21	1,166.25	55.87	591.22	37.12

We may experience volatility in the cost or availability of raw materials. While our arrangements with customers allow us to seek an upward revision in pricing, our cash flows may still be adversely affected because of any gap in time between the date of procurement of those primary raw materials and date on which we can reset the prices for our customers, to account for the increase in the prices of such raw materials. Our ability to pass through costs or otherwise mitigate these cost increases could adversely affect our business. From time to time, commodity prices may also fall rapidly. If this happens, suppliers may withdraw capacity from the market until prices improve which may cause periodic supply interruptions. If these supply interruptions occur, our costs for procuring our raw materials could increase, and our business, cash flows and results of operations could be adversely affected.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For Significant accounting policies please refer Significant Accounting Policies, under Chapter titled “Financial Information” beginning on page 296 of the Draft Red Herring Prospectus.

RESULTS OF OPERATIONS

The following table sets forth detailed revenue from operations data from our restated consolidated statement of profit and loss for the Fiscals 2023, 2022 and 2021 and for three-month period ended on June 30, 2023, the components of which are also expressed as a percentage of total income for such years.

Particulars	As of and for the three-month period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Rs. in Millions	%	Rs. in Millions	%	Rs. in Millions	%	Rs. in Millions	%
i. Sale of Product and Services:								
Manufactured Products	461.42	68.49	1813.81	70.12	1534.42	73.51	1109.59	69.67
Trading	56.94	8.45	201.37	7.78	146.58	7.02	87.00	5.46
Export Sales	47.10	6.99	347.22	13.42	160.34	7.68	183.88	11.55
ii. Job work receipts:								
Local	28.42	4.22	151.93	5.87	187.76	8.99	149.26	9.37
Export	60.20	8.94	10.85	0.42	1.39	0.07	4.30	0.27
iii. Other Operating Revenues								
Other Operating Revenues	4.38	0.65	23.59	0.91	15.39	0.74	18.60	1.17
Total Revenue from Operations (i+ii+iii)	658.46	97.74	2548.76	98.53	2045.89	98.01	1552.63	97.48

Our Company's revenue from operations for three-month period ended June 30, 2023, is ₹ 658.46 million and revenue from operations increased to ₹ 2548.76 million in Fiscal 2023 from ₹ 2045.89 million in Fiscal 2022 and ₹ 1552.63 million in Fiscal 2021. The increase in Fiscal 2023 over Fiscal 2022 is 24.58%, while the growth in revenue from operations in Fiscal 2022 over Fiscal 2021 is 31.77%.

Product wise bifurcation of revenue:

Product Category	For three-month period ended June 30, 2023		Fiscal 2022-23		Fiscal 2021-22		Fiscal 2020-21	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
Welding Consumables	215.77	32.77	978.70	38.40	721.94	35.29	607.07	39.10
Wear plate / Wear consumables	191.38	29.06	756.14	29.67	544.17	26.60	396.57	25.55
Heavy Engineering Equipment	164.91	25.04	531.34	20.85	550.11	26.89	423.68	27.29
Trading	40.18	6.10	174.55	6.85	141.36	6.91	95.77	6.17
Revenue from Subsidiaries	46.23	7.02	108.02	4.24	88.31	4.32	29.55	1.90
Total	658.46	100.00	2548.76	100.00	2045.89	100.00	1552.63	100.00

Geographical area wise bifurcation of revenue:

Product Category	For three-month period ended June 30, 2023		Fiscal 2022-23		Fiscal 2021-22		Fiscal 2020-21	
	(₹)	(%)	(₹)	(%)	(₹)	(%)	(₹)	(%)
Domestic	598.26	90.85%	2,190.69	85.95%	1,884.15	92.09%	1,364.45	87.88%
Exports	60.28	9.15%	358.07	14.05%	161.74	7.91%	188.18	12.12%
Total	658.54	100.00%	2,548.76	100.00%	2,045.89	100.00%	1,552.63	100.00%

The primary offerings of our company include Welding Consumables, Wear plate/Wear consumables, Heavy Engineering Equipment, trading and sale by subsidiaries. Sales for these products amounted to ₹ 658.46 million, ₹ 2,548.76 million ₹ 2,045.89 million and ₹ 1,552.63 million for three-month periods ending June 30, 2023, Fiscal 2023, 2022, and 2021, respectively.

As of June 30, 2023, the revenue from operations is ₹658.54 million, with domestic sales accounting for 90.85% and export sales for 9.15%. In Fiscal 2023, our company achieved a revenue from operations of ₹2,548.76 million, with domestic sales comprising 85.95% and export sales at 14.05%. In Fiscal 2022, the corresponding figures were 92.09% and 7.91%, generating a revenue from operations of ₹2,045.89 million. For Fiscal 2021, the percentages were 87.88% for domestic sales and 12.12% for export sales, contributing to a revenue from operations of ₹1,552.63 million.

The following table sets forth select financial data from our restated Consolidated statement of profit and loss for the period ended and for Financials years 2023, 2022 and 2021, the components of which are also expressed as a percentage of total income for such years.

Particulars	For three month period ended June 30, 2023		Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Rs. in Millions	% of Total Income	Rs. in Millions	% of Total Income	Rs. in Millions	% of Total Income	Rs. in Millions	% of Total Income
Income								
Revenue from operations	658.46	97.74%	2548.76	98.53%	2045.89	98.01%	1552.63	97.48%
Other income	15.22	2.26%	37.95	1.47%	41.58	1.99%	40.08	2.52%
Total income	673.69	100.00%	2586.72	100.00%	2087.47	100.00%	1592.71	100.00%
Expenditure								
Cost of materials consumed	324.46	48.16%	1376.33	53.21%	1166.25	55.87%	591.22	37.12%
Changes in inventories of finished goods and work-in-progress	22.21	-3.30%	-28.26	-1.09%	-77.72	-3.72%	177.28	11.13%
Purchase of stock in trade	47.80	7.10%	128.09	4.95%	82.07	3.93%	59.87	3.76%
Manufacturing expenses	92.29	13.70%	328.62	12.70%	264.51	12.67%	176.41	11.08%

Employee benefit expenses	84.99	12.62%	307.60	11.89%	268.96	12.88%	239.45	15.03%
Finance Cost	6.04	0.90%	22.95	0.89%	13.83	0.66%	20.01	1.26%
Depreciation and Amortization	12.50	1.86%	38.42	1.49%	41.64	1.99%	38.99	2.45%
Other Expenses	36.16	5.37%	157.61	6.09%	116.92	5.60%	101.19	6.35%
Total expenses	582.03	86.40%	2331.36	90.13%	1876.47	89.89%	1404.42	88.18%
Share of profit / (loss) of associates and joint ventures	-3.79	-0.56%	31.24	1.21%	8.75	0.42%	-20.30	-1.27%
Profit before tax	87.86	13.04%	286.60	11.08%	219.75	10.53%	168.00	10.55%
Total Tax Expense	25.32	3.76%	65.15	2.52%	49.29	2.36%	51.37	3.23%
Net Profit for the year	62.55	9.28%	221.45	8.56%	170.46	8.17%	116.63	7.32%

Cost of materials consumed.

Cost of materials consumed comprises raw material costs incurred in production of Welding Consumables, Wear plate / Wear consumables, and Heavy Engineering Equipment and Trading. **The primary raw materials are used in the manufacture of our products are iron, iron sheets or wire to manufacture our products.** Raw materials consumed represent a significant portion of our total expenditure. Cost of materials consumed accounted for 48.16%, 53.21%, 55.87%, and 37.12% of our total income for three-month period ended June 30, 2023, and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 respectively.

Changes in inventories of finished goods and work-in-progress

Changes in inventories of finished goods, work-in-progress and stock in trade consists of costs attributable to an increase or decrease in inventory levels during the relevant financial period in finished goods, stock-in-progress and stock in trade. Changes in inventories of finished goods and work-in-progress accounted for (3.30%), (1.09%), (3.72%) and 11.13% of our total income for three-month period ended June 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 respectively.

Purchases of stock in trade

Purchases of stock in trade accounted for 7.10%, 4.95%, 3.93% and 3.76% of our total income for three-month period ended June 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 respectively.

Manufacturing expenses

Manufacturing expenses comprise (i) Consumable, stores, and spare parts material consumed; (ii) Job work charges and labor charges; (iii) Power and fuel, and other expenses specifically related to manufacturing activities. For three-month period ending June 30, 2023, and Fiscal years 2023, 2022, and 2021, manufacturing expenses represented 13.70%, 12.70%, 12.67%, and 11.08% of our total income, respectively.

Employee benefits expense

Employee benefits expense includes (i) salaries and wages, and remuneration to director; (ii) contribution to provident fund and other funds, (iii) Gratuity , staff welfare expenses and Sales Commission to employees. Employee benefits expense accounted for 12.62%, 11.89%, 12.88% and 15.03% of our total income for three month period ended June 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 respectively.

Finance costs

Finance costs include interest expense on borrowings, Exchange fluctuation on foreign currency transactions/ translations and other borrowing costs. Finance costs accounted for 0.90%, 0.89% , 0.66% and 1.26% of our total income for three month period ended June 30, 2023, and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 respectively.

Depreciation and amortization expenses

Depreciation represents depreciation on our property, plant and equipment. Amortization represents amortization of intangible assets. Depreciation is calculated on a written down value method over the estimated useful life of all assets, these lives are in accordance with Schedule II to the Companies Act, 2013 or as per the best estimation of the management. The estimated useful lives, residual value and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

Depreciation and amortization expense accounted for 1.86%, 1.49%, 1.99% and 2.45% of total income for three-month period ended June 30, 2023, and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 respectively.

Other expenses

Other expenses include rent, repair & maintenance- plant & machinery, vehicles and other, security charges, travelling, communication and conveyance expenses and commission expenses, legal and professional fees and miscellaneous expenses. Other expenses accounted for 13.04%, 11.25% and 8.82% of our total income for three-month period ended June 30, 2023, and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 respectively.

Results of operations for the three-month period ended June 30, 2023

Revenue from Operations

Our operational revenue amounted to ₹658.46 million, constituting 97.74% of the total. This mainly comprised the sale of products manufactured by the company, services, and other operating revenue, including insurance, licenses, packing on sales, and duty drawback.

Other Income

Our other income was ₹ 15.22 million which is 2.26% primarily consisted of interest income from deposits with banks, Profit on Sale of Assets & Investment, Net gain on financial instruments at fair value through profit or loss and PSI Incentive and miscellaneous income.

Cost of materials consumed.

Our cost of materials consumed was ₹ 324.46 million which was 48.16% of our Total Income. The primary raw materials are used in the manufacture of our products are iron, iron sheets or wire to manufacture our products.

Changes in Inventories of Finished Goods & Work-in-Progress.

The closing stock of finished goods and work in progress was ₹ 272.61 million as at June 30, 2023 against an opening stock of ₹ 250.40 million as at April 1, 2023.

Purchase of stock in trade.

The purchase of stock in trade was ₹ 47.80 million which was 7.10% of our Total Income

Manufacturing expenses

Our manufacturing expenses was ₹ 92.29 million which was 13.70% of our Total Income. The manufacturing expenses primarily comprising of consumable, stores and spare parts material consumed, job work charges, labour charges, power and fuel and Carriage inward and clearing charges.

Employee benefits expense

Our employee benefits expense was ₹ 84.99 million which was 12.62% of our total income primarily comprising of payment of salaries, wages and bonus, contribution to provident and other funds, gratuity and staff welfare expenses.

Finance costs

Our employee benefits expense was ₹ 6.04 million which was 0.90% of our total income primarily comprising of interest expense on borrowings, Exchange fluctuation on foreign currency transactions/ translations and other borrowing costs.

Depreciation and amortization expense

Our depreciation and amortisation expense was ₹ 12.50 million which was 1.86% of our total income, primarily on account of depreciation on property, plants and equipment and amortisation of intangible assets and amortisation of intangible assets.

Other expenses

Our other expenses was ₹ 36.16 million which was 5.37% of our total income, primarily comprising of rent, repair & maintenance- plant & machinery, vehicles and other, security charges, travelling, communication and conveyance expenses and commission expenses, legal and professional fees and miscellaneous expenses.

Tax expense

Our total tax expenses were ₹ 25.32 million which was 3.76% of our total income.

Profit/(Loss) for the year

Due to the aforementioned factors, we reported a profit of ₹ 62.55 million which is 9.28% of our total income for the period.

Fiscal 2023 compared with Fiscal 2022

Revenue from Operations

Revenue from operations increased by ₹ 502.88 million, or 24.58%, from ₹ 2045.89 million in Fiscal 2022 to ₹ 2548.76 million in Fiscal 2023. This was primarily attributed to an increase in revenue from Welding Consumables by 35.57% to ₹ 978.70 million for Fiscal 2023 from ₹ 721.94 million for Fiscal 2022, increase in revenue from Wear plate / Wear Parts by 38.95% to ₹ 756.14 million for Fiscal 2023 from ₹ 544.17 million for Fiscal 2022, and increase in revenue from Trading activities by 23.48% to ₹ 174.55 million for Fiscal 2023 from ₹ 141.36 million for Fiscal 2022. This increase was majorly attributed due to increase in production mix and increase in volume of units sold in these products.

Other Income

Our other income decreased by ₹ 3.62 million or by 8.72% from ₹ 41.58 million in Fiscal 2022 to ₹ 37.95 million in Fiscal 2023. This decrease was driven by a decrease in net gains on foreign exchange fluctuation, decrease in MEIS License income and Insurance claim receipt which is ₹ 6.97 million, ₹ 2.28 million, ₹ 1.97 million from fiscal year 2022 to fiscal year 2023. This was partially offset by an increase in Profit on Sale of Assets & Investment account and PSI Incentive for increase in other income by ₹ 5.65 million and ₹ 4.31 million respectively from the fiscal 2022 to fiscal 2023.

Cost of materials consumed.

The cost of material consumed experienced a rise of ₹210.09 million or 18.01%, increasing from ₹1166.25 million in Fiscal 2022 to ₹1376.33 million in Fiscal 2023, attributed to the expansion of business scale and an increase in inventories of finished goods and work-in-progress.

Changes in Inventories of Finished Goods & Work-in-Progress.

The change in inventories of finished goods and work in progress showed a decrease of ₹77.72 million in Fiscal 2022, compared to a reduction of ₹28.26 million in Fiscal 2023. This is mainly due to a higher opening inventory of finished goods, work in progress, and stock in trade at the end of Fiscal 2023.

Purchase of stock in trade.

The purchase of stock in trade increased by ₹46.02 million in Fiscal 2022, rising from ₹82.07 million to ₹128.09 million in Fiscal 2023. This increase is attributed to increase in purchase of stock in trade.

Manufacturing Expenses

Manufacturing Expenses increased by ₹ 64.11 million or by 24.24% from ₹ 264.51 million in Fiscal 2022 to ₹ 328.62 million in Fiscal 2023. This was primarily due to a increase in the Consumable, stores and spare parts material Consumed, Job work charges, Labour charges and Power and fuel of ₹ 7.31 million, ₹ 31.27 million, ₹ 10.08 million and ₹ 10.07 million respectively.

Employee benefits expense

Employee benefits expenses increased by ₹ 38.64 million or by 14.36% from ₹ 268.96 million in Fiscal 2022 to ₹ 307.60 million in Fiscal 2023. This was primarily due to a general increase in the salaries and wages, including remuneration paid to the directors which together was ₹ 235.19 million in fiscal 2022 and ₹ 272.43 million in fiscal 2023. Employee benefit expenses contributed 12.88% of the total revenues for the Fiscal 2022 vis-à-vis 11.89% of the total revenues for the Fiscal 2023.

Finance costs

Finance costs rose by ₹9.12 million or 65.92%, increasing from ₹13.83 million in Fiscal 2022 to ₹ 22.95 million in Fiscal 2023. This uptick can be attributed to an increase in interest expenses on borrowing, which went from ₹9.62 million in Fiscal 2022 to ₹18.54 million in Fiscal 2023. Additionally, there was a rise in other borrowing costs, amounting to ₹0.13 million in Fiscal 2023 compared to Fiscal 2022.

Depreciation and amortization expense

The reduction in our depreciation and amortization expense by ₹3.23 million or 7.75%, from ₹41.64 million in Fiscal 2022 to ₹38.42 million in Fiscal 2023, was mainly driven by a lower written-down value of tangible and intangible assets.

Other expenses

Other expenses increased by ₹ 40.69 million or by 34.80% from ₹ 116.92 million in Fiscal 2022 to ₹ 157.61 million in Fiscal 2023. This was primarily due to

- an increase in travelling, communication, and conveyance expenses to ₹ 34.78 million in Fiscal 2023 from ₹ 20.38 million in Fiscal 2022 primarily to increase in our operations.
- an increase in net loss on financial instruments at fair value through profit or loss to ₹ 10.33 million in Fiscal 2023 from nil in Fiscal 2022 due increase in export of the product manufactured and job work and due to market fluctuations.
- an increase in Commission expenses on sales to ₹ 6.53 million in Fiscal 2023 from ₹ 2.52 million in Fiscal 2022.
- an increase in packing, forwarding and advertisements and sales promotion expenses, legal and professional fees and miscellaneous expenses b ₹ 8.39 million in Fiscal 2023 compared to Fiscal 2022.

Tax expense

Our total tax expense increased by ₹ 15.86 million or by 32.17% from ₹ 49.29 million in Fiscal 2022 to ₹ 65.15 million in Fiscal 2023. This was largely driven by a increase in current tax of ₹ 10.33 million which was added by increase in deferred tax by ₹ 3.70 million in Fiscal 2023.

Profit/(Loss) for the year

For the various reasons discussed above, and following adjustments for tax expense, we recorded an increase in our profit by ₹ 51.00 million or by 29.92% from ₹ 170.46 million in Fiscal 2022 to ₹ 221.45 million in Fiscal 2023. Profit after tax as a percentage of total revenue stood at 8.56% for Fiscal 2023 versus 8.17% for Fiscal 2022.

Fiscal 2022 compared with Fiscal 2021

Total income

Revenue from Operations

Revenue from operations increased by ₹ 493.25 million, or 31.77%, from ₹ 1552.63 million in Fiscal 2021 to ₹ 2045.89 million in Fiscal 2022. This was primarily attributed to an increase in revenue from Welding Consumables by 18.92 % to ₹ 721.94 million for Fiscal 2022 from ₹ 607.07 million for Fiscal 2021, increase in revenue from Wear plate / Wear consumables by 37.22% to ₹ 544.17 million for Fiscal 2022 from ₹ 396.57 million for Fiscal 2021, and increase in revenue from Trading activities by 47.60% to ₹ 141.36 million for Fiscal 2022 from ₹ 95.77 million for Fiscal 2021. This increase was majorly attributed due to increase in production capacity and increase in volume of units sold in these products.

Other Income

Our other income increased by ₹ 1.50 million or by 3.74% from ₹ 40.08 million in Fiscal 2021 to ₹ 41.58 million in Fiscal 2022.

- This increase was driven by an increase in foreign exchange gain, which is ₹ 5.36 million for Fiscal 2022 as compared to nil in the Fiscal 2021.
- an increase in profit on sale of assets & investment, which is ₹ 12.23 million for the Fiscal 2022 as compared to ₹ 3.82 million in the Fiscal 2021
- an increase in MEIS License income, which is ₹ 3.10 million for the Fiscal 2022 as compared to ₹ 0.47 million in the Fiscal 2021
- the increase was offset to some extent by decrease in net gain on financial instruments at fair value through profit or loss, which is ₹ 6.97 million for the Fiscal 2022 respectively as compared to ₹ 22.14 million in the Fiscal 2021.

Cost of materials consumed.

The cost of materials used surged by ₹575.02 million, marking a rise of 97.26% from ₹591.22 million in Fiscal 2021 to ₹1,166.25 million in Fiscal 2022. This upswing is attributed to the expansion of the business scale and a simultaneous increase finished goods and work-in-progress.

Changes in Inventories of Finished Goods & Work-in-Progress.

Our changes in inventory of finished goods, work-in-progress and stock-in-trade decreased by 143.84% to ₹(77.72) million in the Financial Year 2022 from ₹ 177.28 million in the Financial Year 2021. This decrease was primarily due to changes in work in progress, finished goods and stock-in-trade during the relevant Financial Year and lower inventory at the beginning of the Financial Year 2022 as compared to Financial Year 2021

Purchase of stock in trade.

Our purchase of stock-in-trade increased by 37.07% to ₹ 82.07 million in the Financial Year 2022 from ₹ 59.87 million in the Financial Year 2021. This decrease was primarily due to a increase in purchase of traded goods.

Manufacturing Expenses

Manufacturing Expenses increased by ₹ 88.10 million or by 49.94% from ₹ 176.41 million in Fiscal 2021 to ₹ 264.51 million in Fiscal 2022. This was primarily due to an increase in the Consumable, stores and spare

parts material Consumed, Job work charges, Carriage inward and clearing charges and Power and fuel of ₹ 11.66 million, ₹ 35.20 million, ₹ 13.12 million and ₹ 13.43 million respectively.

Employee benefits expense

Employee benefits expense increased by ₹ 29.52 million or by 12.33% from ₹ 239.45 million in Fiscal 2021 to ₹ 268.96 million in Fiscal 2022. This was primarily due to an increase in the salaries and wages by ₹ 34.33 million. Employee benefit expenses contributed 15.03% of the total revenues for Fiscal 2021 vis-à-vis 12.88% of the total revenues for the Fiscal 2022.

Finance costs

Finance costs decreased by ₹ 6.18 million or 30.88% from ₹ 20.01 million in Fiscal 2021 to ₹ 13.83 million in Fiscal 2022. This was due to decrease in interest expenses on borrowing from ₹ 3.79 million and in Fiscal 2021 to ₹ 4.28 million in Fiscal 2022 respectively.

Depreciation and amortization expense

Our depreciation and amortization expense increased by ₹ 2.66 million or 6.81%, from ₹ 38.99 million in Fiscal 2021 to ₹ 41.64 million in Fiscal 2022. The increase in depreciation was primarily due addition in tangible and intangible assets.

Other expenses

Other expenses increased by ₹ 15.73 million or by 15.55% from ₹ 101.19 million in Fiscal 2021 to ₹ 116.92 million in Fiscal 2022. This was primarily due to

- an increase in rates and taxes to ₹ 6.19 million in Fiscal 2022 from ₹ 2.22 million in Fiscal 2021 primarily due to increase in our operations.
- an increase in travelling, communication and conveyance expenses to ₹ 20.38 million in Fiscal 2022 from ₹ 12.42 million in Fiscal 2021 due to our focus on increasing our brand presence and increase the sales of product.
- an increase in provision for expected credit loss, which is ₹ 7.97 million for the Fiscal 2022 respectively as compared to almost nil in the Fiscal 2021.
- an increase in legal and professional fees and miscellaneous expenses, which is ₹ 29.83 million aggregating for the Fiscal 2022 respectively as compared to almost ₹ 19.98 million in the Fiscal 2021.

Tax expense

Our total tax expense decreased by ₹ 2.07 million or by 4.04% from 51.37 million in Fiscal 2021 to ₹ 49.29 million in Fiscal 2022. This was largely driven by a reduction in deferred tax by ₹ 6.73 million this was offset for increase in current tax by ₹ 4.66 million in Fiscal 2022.

Profit/(Loss) for the year

For the various reasons discussed above, and following adjustments for tax expense, we recorded an increase in our profit by ₹ 53.83 million or by 46.15% from ₹ 116.63 million in Fiscal 2021 to ₹ 170.46 million in Fiscal 2022. Profit after tax as a percentage of total revenue stood at 8.17% for Fiscal 2022 versus 7.32% for Fiscal 2021.

Cash Flows

The following table sets forth certain information relating to our cash flows under Ind AS for three month period ended on June 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021:

(All amounts in ₹ million)

Particulars	For three month period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net cash (used in)/ generated from operating activities	133.32	(47.37)	110.51	118.72
Net cash (used in)/ generated from investing activities	(60.26)	(133.73)	(152.02)	57.97
Net cash (used in)/ generated from financing activities	(92.47)	195.78	25.33	(158.29)
Net increase/ (decrease) in cash and cash equivalents	(19.41)	14.68	(16.18)	18.52
Cash and Cash Equivalents at the beginning of the period	45.29	30.61	46.79	28.25
Cash and Cash Equivalents at the end of the period	25.88	45.29	30.61	46.79

Net cash generated from operating activities

Net cash generated from operating activities for three month period ended June 30, 2023 was ₹ 133.32 million and our profit before tax that period was ₹ 87.86 million. The difference was primarily attributable to depreciation of ₹ 12.50 million, Interest and finance charges of ₹ 6.04 million, Net (gain)/loss on financial instruments at fair value through profit or loss of ₹ 11.56 million and thereafter change in working capital of ₹ 42.48 million respectively, resulting in gross cash generated from operations at ₹ 152.78 million. We have income tax paid of ₹ 19.46 million.

Net cash used in operating activities in Fiscal 2023 was ₹ 47.37 million and our profit before tax that period was ₹ 286.60 million. The difference was primarily attributable to depreciation of ₹ 38.42 million, Interest and finance charges of ₹ 22.95 million, Net (gain)/loss on financial instruments at fair value through profit or loss of ₹ 10.33 million, Share of profit / (loss) of associates and joint ventures of ₹ 31.24 million and thereafter change in working capital of ₹ (435.78) million respectively, resulting in gross cash used in for the operations at ₹ 9.89 million. We have income tax paid of ₹ 57.26 million.

Net cash generated from operating activities in Fiscal 2022 was ₹ 110.51 million and our profit before tax that period was ₹ 219.75 million. The difference was primarily attributable to depreciation of ₹ 41.64 million, Interest and finance charges of ₹ 13.83 million, Share of profit / (loss) of associates and joint ventures of ₹ 8.75 million and thereafter change in working capital of ₹ (121.37) million respectively, resulting in gross cash generated from the operations at ₹ 153.67 million. We have income tax paid of ₹ 43.17 million.

Net cash generated from operating activities in the Fiscal 2021 was ₹ 118.72 million and our profit before tax that period was ₹ 168.00 million. The difference was primarily attributable to depreciation of ₹ 38.99 million, Interest and finance charges of ₹ 20.01 million, Share of profit / (loss) of associates and joint ventures of ₹ (20.30) million and thereafter change in working capital of ₹ (18.02) million respectively,

resulting in gross cash generated from the operations at ₹ 163.58 million. We have income tax paid of ₹ 44.88 million.

Net cash used in investing activities

In three month period ended June 30, 2023, our net cash used in investing activities was ₹ 60.33 million, which was primarily for Purchase of property, plant & equipment (including capital work in progress) of ₹ 20.85 million. Increase in non-current investment of ₹ 40.95 million.

In the Fiscal 2023, our net cash used in investing activities was ₹ 82.06 million, which was primarily for Purchase of property, plant & equipment (including capital work in progress) of ₹ 92.06 million. Increase in non-current investment of ₹ 47.81 million. This was offset slightly by decrease in bank balances not considered as cash and cash equivalent (net) of ₹ 52.47 million.

In the Fiscal 2022, our net cash used in investing activities was ₹ 152.02 million, which was primarily for Purchase of property, plant & equipment (including capital work in progress) of ₹ 113.41 million. Increase in non-current investment of ₹ 65.71 million and this was offset slightly by disposal of assets of ₹ 52.47 million.

In the Fiscal 2021, our net cash generated from investing activities was ₹ 57.97 million, which was primarily for Purchase of property, plant & equipment (including capital advances) of ₹ 18.62 million. decrease in non-current investment of ₹ 47.73 million and disposal of assets of ₹ 25.95 million.

Net cash generated from/ used in financing activities.

For three month period ended June 30, 2023, our net cash used in financing activities was ₹ 92.47 million. This was primarily due repayment of ₹ 86.43 million as long term and short term borrowings and l, payment of finance cost ₹ 6.04 million.

In the Fiscal 2023, our net cash generated from financing activities was ₹ 195.78 million. This was primarily due to proceeds received from short term borrowings ₹ 246.28 million, repayment of ₹ 11.31 million as long term borrowing, payment of finance cost and dividend paid of ₹ 16.24 million.

In the Fiscal 2022, our net cash generated from financing activities was ₹ 25.33 million. This was primarily due to proceeds received from short term borrowings ₹ 76.70 million, repayment of ₹ 27.65 million as long term borrowing, payment of finance cost and dividend paid of ₹ 13.82 million and ₹ 9.90 million respectively.

In the Fiscal 2021, our net cash generated used in financing activities was ₹ 158.29 million. This was primarily due repayment of ₹ 125.17 million as long term and short-term borrowings and payment of finance cost and dividend paid of ₹ 20.01 million and ₹ 13.08 million respectively.

LIQUIDITY AND CAPITAL RESOURCES

We fund our operations primarily with cash flow from operating activities and borrowings / credit facilities from banks. Our primary use of funds has been to pay for our working capital requirements and capital expenditure and for the expansion of our manufacturing facilities. We evaluate our funding requirements regularly considering the cash flow from our operating activities and market conditions. In case our cash flows from operating activities do not generate sufficient cash flows, we may rely on other debt or equity financing activities, subject to market conditions.

Our Company had Consolidated cash and cash equivalents of ₹ 25.88 million as of June 30, 2023, ₹ 45.29 million as of March 31, 2023, ₹ 30.61 million as of March 31, 2022, and ₹ 46.79 million as of March 31, 2021.

We have Short term borrowing of ₹ 394.48 million as of June 30, 2023 of as per restated consolidated financial statement.

The following table sets forth certain information relating to our outstanding indebtedness as of November 30, 2023, on a Consolidated basis:

(All amounts in ₹ million)

Category of Borrowings	Sanctioned amount*	Outstanding amount as at November 30, 2023*
Secured Loans		
Term Loan	NIL	NIL
Working Capital Limits		
<u>Fund based facilities</u> (As sub-limit of working capital facility)		
Cash Credit	470.00	49.28
Sub-limit of Cash Credit		
Export Packing Credit		--
Working Capital Demand Loan		--
Overdraft facility		--
Pre-Shipment Credit		--
Post-Shipment Credit		--
Pre shipment Finance, Post shipment Finance		
<u>Non-Fund based facilities</u> (As sub-limit of working capital facility)		
Bank Guarantee	130.00	110.40
Letter of Credit		--
Standby Letter of Credit		--
Letter of Credit Capex	50.00	--
Total	650.00	159.68

For further and detailed information on our indebtedness, see “Risk Factor no.38- We have incurred borrowings from commercial banks and any non-compliance with repayment and other covenants in our financing agreements could adversely affect our business and financial condition.” on pages 64 and “Financial Indebtedness” on page 362 of this Draft Red Herring Prospectus

CONTINGENT LIABILITIES

As of March 31, 2023, the estimated amount of contingent liabilities are as follows:

(All amounts in ₹ million)

Particulars	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Excise duty liability disputed	-	1.66	1.66	1.66
TOTAL	-	1.66	1.66	1.66

For further information on our contingent liabilities and commitments, see “*Note 36 – Contingent Liabilities*” under the chapter “*Restated Consolidated Financial Statements*” on page 324324.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or which we believe reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

RELATED PARTY TRANSACTIONS

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see ““*Financial Information- Note 37 – Related Party Transactions*” on page 324 of this Draft Red Herring Prospectus.

(All amounts in ₹ million)

Particulars	For three month period ended June 30 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Sales				
M/s Mecdiff SD. BHD.	3.90	8.94	7.67	14.32
Total Credit Notes Towards Commission				
LSN Diffusion Ltd	1.48	0.57	0.43	0.06
Purchase				
Benvira Forward Algorithms LLP	-	-	-	0.30
LSN Diffusion Ltd	5.99	35.37	27.59	27.72
Reimbursement				
Benvira Forward Algorithms LLP	0.00	0.29	0.35	0.02
LSN Diffusion Ltd	-	0.21	-	-
Mr. Prashant Garg	0.53	2.59	2.32	1.15
Commission				
Mr. Prashant Garg	0.63	2.50	4.00	3.80
Mr. Ajay Jain	0.09	0.35	0.35	0.25
Mrs. Neelu Garg	0.88	3.50	2.00	1.20
Mrs. Renuka Garg	0.09	0.35	0.35	0.25
Ms. Anita Vijaykar	0.09	0.35	0.35	0.25
Debit / (Credit) due to exchange fluctuation				
LSN Diffusion Ltd	-	-0.28	0.26	
M/s Mecdiff SD. BHD.	0.01	0.11	-0.19	
Dividend				
Mr. Prashant Garg	-	4.37	5.83	5.10
Ajay Jain (H.U.F)	-	0.03	0.04	0.04
Mr. Nitin N Garg	-	2.95	4.23	3.70

Mrs Daksha Jain	-	0.00	0.00	0.00
Mrs. Chitra N Garg	-	2.55	3.40	2.97
Mrs. Neelu Garg	-	0.03	0.04	0.03
Mrs. Renuka Garg	-	0.23	0.30	0.26
N. K. Garg HUF	-	0.89	1.19	1.04
Ms. Anita Vijaykar	-	0.00	-	-
Medical Re-imbursenent		-	-	-
Mr. Prashant Garg	-	-	-	0.03
Remuneration				
Mr. Prashant Garg	4.05	16.65	13.05	12.00
Mrs. Neelu Garg	1.38	1.92	1.64	1.26
Key Managerial Personnel				
Mr Abhishek Mehta	0.46	-	-	-
Ms Chanchal Jaiswal	0.04	-	-	-
Relatives of Key Managerial Personnel				
Mrs Disha Mehta	0.39	-	-	-
Rent				
Mrs. Chitra N Garg	0.73	2.67	2.47	2.28
N. K. Garg HUF	0.05	0.19	0.19	0.17
Mr. Prashant Garg	0.18	0.70	0.64	0.59
Total	20.96	88.01	78.51	78.79

Details of outstanding to/from related parties

Particulars	For three month period ended June 30 2023	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2021
Trade Payables				
Benvira Forward Algorithms LLP		-	0.16	-
LSN Diffusion Ltd	4.51	1.48	1.65	10.52
Trade receivables		-	-	-
M/s Mecdiff SD. BHD.	3.90	1.51	0.23	9.28
Total Debit Notes towards expenses	-	-	-	-
Diffusion MGM Machines Pvt Ltd.		-	-	-
Reimbursement Payable		-	-	-
Mr. Prashant Garg	-	0.16	-	-
Advances				

Nitin Grag	10.83	-	-	-
Prashant grag	10.83	-	-	-
Chitra Grag	10.83	-	-	-

Non-GAAP Measures

In addition to our results determined in accordance with Ind AS, we believe the following non-GAAP measures are useful to investors in evaluating our operating performance and liquidity. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Non-GAAP financial information, when taken collectively with financial measures prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these Non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with Ind AS.

Reconciliation of Profit/(loss) for the period/year to our Operating EBITDA

Particulars	For three month period ended 30 June 2023	For the year ended 31st March, 2023	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Restated profit/(loss) for the period/year attributable to equity shareholders (I)	62.55	221.45	170.46	116.63
Add:				
Finance Cost (II)	6.04	22.95	13.83	20.01
Total Tax Expense (III)	25.32	65.15	49.29	51.37
Depreciation (IV)	12.50	38.42	41.64	38.99
Less:				
Other Income	15.22	37.95	41.58	40.08
Operating EBITDA (VII=I+II+III+IV)	91.19	310.02	233.64	186.92

Operating EBITDA is calculated as the sum of restated profit/ (loss) for the period, total tax expenses, finance costs, depreciation and amortisation expense reduced and other income.

Reconciliation of Restated Profit/(loss) for the period from continuing operations to Operating EBITDA Margin

Particulars	For three-month period ended June 30, 2023	For the year ended 31st March, 2023	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Operating EBITDA (I)	91.19	310.02	233.64	186.92
Revenue from Operations (II)	658.46	2,548.76	2,045.89	1,552.63
Operating EBITDA margin (I/II)	13.85%	12.16%	11.42%	12.04%

Operating EBITDA Margin is calculated by dividing EBITDA by revenue from operations.

Reconciliation of Capital Turnover Ratio

Particulars	For three month period ended June 30, 2023	For the year ended 31st March, 2023	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Equity Share capital as per Restated Ind AS financial statements (I)	37.37	37.37	37.37	37.37
Other Equity as per Restated Ind AS financial statements (II)	1,443.87	1,382.60	1,169.11	1,013.85
Revenue from Operations (III)	658.46	2,548.76	2,045.89	1,552.63
Capital Turnover Ratio {IV=III/(I+II)}	44.45%	179.49%	169.57%	147.70%

Capital Turnover ratio is calculated by dividing Revenue from operations by Equity share capital and security premium.

Reconciliation of Total Debt to Equity Ratio attributable to equity holders ratio

Particulars	For three month period ended June 30, 2023	For the year ended 31st March, 2023	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Total Borrowings	394.48	480.92	245.95	196.90
Equity attributable to equity holders	1,481.24	1,419.97	1,206.48	1,051.22
Total borrowings/Equity attributable to equity holders ratio	0.27	0.34	0.20	0.19

Total Debt to Equity Ratio is calculated by dividing Total borrowing by Equity attributable to equity shareholders.

Reconciliation of Restated Profit/(Loss) margin

Particulars	For three month period ended June 30, 2023	For the year ended 31st March, 2023	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Restated Profit/(loss) for the period/year (I)	62.55	221.45	170.46	116.63
Revenue from operations	658.46	2,548.76	2,045.89	1,552.63
Restated Profit/(Loss) margin (III=I/II) (in%)	9.50%	8.69%	8.33%	7.51%

Profit Margin Ratio is calculated by dividing Profit/(loss) for the period/year by Revenue from operations.

Reservations, Qualifications and Adverse Remarks by the statutory auditors

There are no reservations, qualifications and adverse remarks by our Statutory Auditors since incorporation.

Details of Default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution

There have been no defaults in payment of statutory dues or interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company For three month period ended June 30, 2023 and for the Fiscal 2023, Fiscal 2022 and Fiscal 2021.

Material Frauds

There are no material frauds, as reported by our statutory auditor, committed against our Company, since incorporation.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Risk Management :

Diffusion engineers limited is exposed primarily to market risk (fluctuation in foreign currency exchange rates & interest rate), credit, liquidity which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment & seeks to mitigate potential adverse effects on the financial performance of the Group.

Credit Risk :

Credit risk is the risk of financial loss arising from counter-party failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit.

Financial instruments that are subject to concentration of credit risk principally consists of trade receivables, investments, derivative financial instruments and other financial assets. None of the financial instruments of the Group results in material concentration of credit risk.

Liquidity Risk :

Liquidity Risk Management : Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Maturities of Borrowings :

The following table details the Group's expected maturity for borrowings :

Exposure to Risk	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Interest bearing borrowings:				
On Demand	398.32	451.32	196.16	116.25
Less than 180 Days	-	10.13	10.90	12.94
181-365 Days	-	2.78	10.90	12.50
More than 365 Days	-	16.69	27.99	55.20

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Such changes in the values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The Group's exposure to market risk is primarily on account of foreign currency exchange rate risk.

a) Foreign Currency Exchange Rate Risk :

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit or loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in AED, US Dollar, Australian Dollar, Great Britain Pound, Euro, JPY against the respective functional currencies of the Group. The Group, as per its risk management policy, evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks & uses derivative instruments primarily to hedge foreign exchange (if required).

Foreign Currency Exposures

Particulars	Currency type	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
I. Trade receivables/Advance	USD	1.22	1.54	0.80	1.16
	EURO		0.07	0.07	0.02
	SGD	0.03	0.03	0.01	-
	AED		-	0.00	-
	AUD	0.01	0.01	-	-
Total		1.26	1.65	0.88	1.18
II. Borrowing balances :	USD	0.25	0.27	0.34	0
Total		0.25	0.27	0.34	-
III. Trade payables :	USD	0.24	0.11	0.23	0.34
	EUR	0.02	0.22	0.06	0.02
Total		0.26	0.33	0.29	0.36

Foreign Currency Sensitivity :

The following tables demonstrate the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Currency	Change in rate	Effect on profit before tax
June 30, 2023			
Based on YOY change between F21 & F22	USD	+100%	0.73
	USD	-100%	(0.73)
	EUR	+100%	-
	EUR	-100%	-
	SGD	+100%	0.03
	SGD	-100%	(0.03)
	AUD	+100%	0.01
	AUD	-100%	(0.01)
Particulars	Currency	Change in rate	Effect on profit before tax
March 31, 2023			
Based on YOY change between F21 & F22	USD	+100%	1.16
	USD	-100%	(1.16)
	EUR	+100%	(0.15)
	EUR	-100%	0.15
	SGD	+100%	0.03
	SGD	-100%	(0.03)
	AUD	+100%	0.01
	AUD	-100%	(0.01)
March 31, 2022			
Based on YOY change between F22 & F21	USD	+100%	0.23
	USD	-100%	(0.23)
	EUR	+100%	0.01
	EUR	-100%	(0.01)
	SGD	+100%	0.01
	SGD	-100%	(0.01)
	AED	+100%	0.00
	AED	-100%	(0.00)
April 01, 2021			
Based on YOY change between F21 & F20	USD	+100%	0.82
	USD	-100%	(0.82)
	EUR	+100%	(0.00)
	EUR	-100%	0.00

	SGD	+100%	-
	SGD	-100%	-
	AED	+100%	-
	AED	-100%	-

b) Interest Rate Risk :

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

Floating Interest rate exposure :	As at June 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Secured Loans :				
Loans repayable taken from Banks:	394.48	480.92	245.95	196.46
Total	394.48	480.92	245.95	196.46

Interest Rate Sensitivity :

The sensitivity analyses below have been determined based on exposure to interest rate. For variable rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. With all other variables held constant, the Group's profit before tax is affected through the impact on variable rate borrowings, as follows:

Particulars	Increase / Decrease in Basis Points	Effect on Profit Before Tax(Loss)
As at June 30, 2023	+100	3.94
	-100	(3.94)
As at March 31, 2023	+100	4.81
	-100	(4.81)
As at March 31, 2022	+100	(2.46)
	-100	2.46
As at March 31, 2021	+100	1.96
	-100	(1.96)

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or infrequent events or transactions

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

2. Significant economic changes that materially affected or are likely to affect income from continuing operations.

Apart from the risks as disclosed under Section “**Risk Factors**” beginning on page 37, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Apart from the risks as disclosed under Section “**Risk Factors**” beginning on page 37, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

4. Future changes in relationship between costs and revenues

Our Company’s future costs and revenues will be determined by demand/supply situation, both of the end products as well as the raw materials, government policies and budget constraints of our customer(s).

5. Increases in net sales or revenue and Introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to increases in volume of business and also dependent on the price realization on our products.

6. Status of any publicly announced New Products or Business Segment

Except as disclosed elsewhere in the Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new products or business segments.

7. Total Turnover of Each Major Industry Segment in Which the Issuer Operates

Our business is primarily in manufacturing of viz. “Welding Consumables, Wear plate/Wear consumables, Heavy Engineering Equipment and trading”. Details of the industry turnover and other relevant information is disclosed in the section “*Industry Overview*” beginning on page 180.

8. Seasonality of business

Our Company’s business is not seasonal in nature.

9. Any Major Dependence on a single or few suppliers or customers

The % of contribution of our Company’s suppliers vis-à-vis the total revenue from operations on restated standalone financial statement respectively as of for three-month period ended June 30, 2023 and for the Fiscal 2021, 2022 and 2023 is as follows:

Particulars	Top Suppliers as a percentage (%) of total purchases			
	For three-month period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Top 5	47.09%	32.31%	32.03%	32.13%
Top 10	64.87%%	49.49%	49.43%	50.80%

The % of contribution of our Company's customers vis-à-vis the total revenue from operations on restated standalone financial statement respectively as of for three month period ended June 30, 2023 and for the Fiscal 2023, 2022 and 2021 is as follows:

Particulars	Top Customers as a percentage (%) of total sales			
	For three month period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Top 5	5.86%	19.40	22.44	28.12
Top 10	8.70%	29.64	31.84	33.79

10. Competitive conditions:

Competitive conditions are as described under the chapters “*Industry Overview*” and “*Our Business*” beginning on pages 180 and 216 respectively.

FINANCIAL INDEBTEDNESS

Our Company avails loans in the ordinary course of business, primarily for the purposes of meeting our working capital requirements.

Set forth below is a brief summary of our aggregate borrowings on a consolidated basis as on November 30, 2023:

(₹ in Millions)		
Category of Borrowings	Sanctioned amount*	Outstanding amount as at November 30, 2023*
<u>Secured Loans</u>		
Term Loan	NIL	NIL
Working Capital Limits		
<u>Fund based facilities</u> (As sub-limit of working capital facility)		
Cash Credit	470.00	49.28
Sub-limit of Cash Credit		
Export Packing Credit		--
Working Capital Demand Loan		--
Overdraft facility		--
Pre-Shipment Credit		--
Post-Shipment Credit		--
Pre shipment Finance, Post shipment Finance		
<u>Non-Fund based facilities</u> (As sub-limit of working capital facility)		
Bank Guarantee	130.00	110.40
Letter of Credit		--
Standby Letter of Credit		--
Letter of Credit Capex	50.00	--
Total	650.00	159.68

* As certified by PGS & Associates Chartered Accountants, the Statutory Auditor of our Company pursuant to their certificate dated December 21, 2023

There have been no defaults in repayment of borrowings with any financial institutions/ banks as on the date of this Draft Red Herring Prospectus. We have received all the necessary approvals from the concerned lenders for the proposed Issue.

For further information, see Risk Factor No. 38 – “We have incurred borrowings from commercial banks and any non-compliance with repayment and other covenants in our financing agreements could adversely affect our business and financial condition.” on page 64 this Draft Red Herring Prospectus.

Principal terms of the borrowings availed by us:

A summary of the principal terms of our borrowings are as set out below. The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us:

1. **Tenor:** The working capital facilities have a tenor ranging from 90 days to upto 3 years.
2. **Interest:** The interest rate applicable to our borrowing facilities is typically tied to the lender's lending rate prevailing at the time, as applicable and which may vary for each facility.
3. **Security:** In terms of our borrowings where security needs to be created, we are typically required to:
 - a. Equitable mortgage over the Company's land and building at Unit I, Unit II, Unit III and Unit IV;
 - b. create a pari passu charge by way of hypothecation on entire current assets, present and future, of our Company;
 - c. charge on current asset, movable fixed assets and immovable properties of the Company;
 - d. personal guarantee by our Promoter and Promoter Group Member namely Prashant Garg and Late Narendra Kumar Garg.

The above is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. **Events of default:** The terms of our borrowings contain certain standard events of default which may attract penal charges, including:
 - a. fails to promptly pay any amount now or hereafter owing to the Bank as and when the same shall become due and payable
 - b. overdue interest/ installment in respect of term loans and over-drawings above the drawing power/ limit in fund based working capital accounts;
 - c. any representation have been false at any time or misleading as of the date on which the same was made or deemed to be made;
 - d. failure in performance of any covenant, condition or agreement;
 - e. breach of financial covenants;
 - f. the cessation of business by or the dissolution, winding-up, insolvency or liquidation.
5. **Consequences of event of default:** Upon the occurrence of an event of default the lender may levy penal/ interest charges over and above the normal interest applicable in the account.
6. **Negative Covenants:** The borrowing arrangements entered into by us restrict us from carrying out certain actions, including:
 - a. change in the capital structure;
 - b. any change in the capital structure of the Company resulting in dilution of the promoter's shareholding, without the prior permission of the Bank;
 - c. formulate any scheme of amalgamation or reconstruction;

- d. undertake any new project/scheme without obtaining the Bank's prior consent;
- e. invest, lend or advance funds to any other concern;
- f. enter into any borrowing or financing arrangements and any term loans proposed to be obtained from Financial Institutions/Banks;
- g. issue any corporate guarantee on behalf of any company;
- h. declare dividend for any year except out of profits relating to that year and after payment of outstanding dues to the lenders;
- i. make material changes in the management set up without prior approval of the Banks;
- j. create charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;
- k. withdraw/allow to be withdrawn any money brought in by the Company, Promoter or Directors;
- l. extend loans to Directors/Associates or other companies;
- m. sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the bank.
- n. not pay any consideration whether by way of commission, brokerage, fees or in any other form to the guarantors for giving the personal guarantee;

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as disclosed in this section, there are no outstanding (i) criminal proceeding; (ii) action taken by regulatory or statutory authorities; (iii) claims related to direct and indirect taxes, in a consolidated manner giving details of number of cases and total amount; and (iv) other pending litigation as determined to be material pursuant to the Materiality Policy in each case involving our Company, our Directors, Subsidiaries and our Promoters (“**Relevant Parties**”); or (v) pending litigation involving each of our Group Company which has a material impact on our Company. Further, there are no disciplinary actions (including penalties) imposed by SEBI or a recognized Stock Exchanges against our Promoters in the last five Financial Years immediately preceding the date of this Draft Red Herring Prospectus, including any outstanding action.*

For the purposes of identification of material litigation in (iv) above any pending litigation (including arbitration proceedings) involving the Relevant Parties, our Board has considered and adopted the Materiality Policy at its meeting held on December 13, 2023 has determined Material Litigation as:

- (i) if the aggregate amount involved in such individual litigation, to the extent quantifiable, exceeds 10% of the Company’s profit after tax for the most recently completed fiscal year, as per the last Restated Consolidated Financial Statements; or*
- (ii) where the monetary impact is not quantifiable or the amount involved may not exceed the materiality threshold set out under (i) above, but where an adverse outcome in any litigation would materially and adversely affect our Company’s business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation.*

The profit after tax of our Company as per the last restated Consolidated financial statements for Financial Year 2022-23 was ₹ 221.45 million. Accordingly, all such outstanding litigation proceedings where the aggregate monetary claim made by or against the Relevant Parties, in any such outstanding litigation or arbitration proceeding is equal to or in excess of ₹ 22.14 million have been disclosed in this Draft Red Herring Prospectus.

It is clarified that for the purposes of the Materiality Policy, pre-litigation notices (other than those issued by governmental, statutory or regulatory, judicial authorities) received by the Relevant Parties shall in any event not be considered as litigation until such time that Relevant Parties are made a party to proceedings initiated before any court, tribunal or governmental, statutory authority or any judicial authority, or is notified by any governmental, statutory or regulatory or any judicial authority of any such proceeding that may be commenced.

Except as stated in this section, there are no outstanding material dues to creditors of our Company. In terms of the Materiality Policy, our Board, at its meeting held on December 13, 2023 has determined ‘Material Dues’ as outstanding dues to any creditors of our Company if the amount due to any one of them (‘Material Creditor’) exceeds 10% of the trade payables of the Company as per last Restated Consolidated Financial Statements. The trade payables of our Company, as per the last Restated Consolidated Financial Statements as per the last restated Consolidated financial statements for Financial Year 2022-23 is ₹ 247.38 million and accordingly, any outstanding dues exceeding ₹ 24.73

million have been considered as material outstanding dues for the purposes of disclosure in this section. Details of Material Dues to creditors as required under the SEBI ICDR Regulations have been disclosed on our website at <https://www.diffusionengineers.com>. Further, for outstanding dues to any party which is a micro, small or a medium enterprise (“MSME”), the disclosure will be based on information available with our Company regarding status of the creditor as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the Statutory Auditors.

All terms defined in a particular litigation disclosure pertain to that litigation only. Unless stated to the contrary, the information provided below is as of date of this Draft Red Herring Prospectus.

I. Litigation involving our Company

A. Litigation filed against our Company

1. Criminal proceedings

Nil

2. Outstanding actions by regulatory and statutory authorities

Nil

3. Material Civil proceedings

Nil

B. Litigation filed by our Company

1. Criminal proceedings

As on the date of this Draft Red Herring Prospectus, our Company has filed 5 complaints against various persons, including some of our customers, under Section 138 read of the Negotiable Instruments Act, 1881, alleging dishonour of cheques in relation to goods supplied by our Company. These matters are currently pending at different stages of adjudication before different courts and judicial fora. The aggregate pecuniary amount involved in these matters as on the date of this Draft Red Herring Prospectus is ₹ 0.75 million.

2. Material Civil proceedings

- (i) One Mr. Sukhdeo Khobragade, Mr. Prithviraj Patle, Mr. Devendra Devgade and Jiwanlal Bisen have on August 08, 2018 filed an application case (IDA No. 15/2018) against our Company under Section 33-C (2) of Industrial Disputes Act, 1947, before the Labour Court at Nagpur, Maharashtra alleging our Company for not paying minimum wages to the 129 workers. As per the said application, a sum of ₹ 130.45 million along with interest at the rate of 18% per annum thereon has been claimed from our Company. The matter is currently pending before the Hon’ble Court.

- (ii) Pursuant to the award dated March 25, 2022 passed by the Industrial Court, Nagpur, Maharashtra in reference (No. 03/2013) filed against our Company by representative employee Mr. Prithviraj Patle & four others, the said reference was partly allowed by holding that the employees were entitled to rise in wages and allowances and benefits as sought therein. Aggrieved by the said order, our Company had on June 06, 2022 filed a writ petition (no. 3309/2022) before the Hon'ble Bombay High Court, Nagpur Bench. By an order dated August 25, 2022, the Hon'ble High Court remanded the matter back to the Industrial Court, Nagpur for fresh adjudication. Aggrieved by the order, the petitioners had filed a Special Leave Petition (no. 020239/2023) before the Hon'ble Supreme Court of India which petition came to be dismissed by the Hon'ble Supreme Court vide its order dated September 11, 2023. The matter is currently pending before the Industrial Court at Nagpur, Maharashtra.

II. Litigation involving our Subsidiaries

A. Litigation filed against our Subsidiaries

1. Criminal proceedings

Nil

2. Outstanding actions by regulatory and statutory authorities

Nil

3. Material Civil proceedings

Nil

B. Litigation filed by our Subsidiaries

1. Criminal proceedings

Nil

2. Material Civil proceedings

Nil

III. Litigation involving the Directors (other than our Individual Promoters)

A. Litigation filed against our Directors

1. Criminal proceedings

Nil

2. Outstanding actions by regulatory and statutory authorities

Nil

3. Material Civil proceedings

Nil

B. Litigation filed by our Directors

1. Criminal proceedings

Nil

2. Material Civil proceedings

Nil

IV. Litigation involving our Promoters

A. Litigation filed against our Promoters

1. Criminal proceedings

Nil

2. Outstanding actions by regulatory and statutory authorities

Nil

3. Material Civil proceedings

Nil

B. Litigation filed by our Promoters

1. Criminal proceedings

Nil

2. Material Civil proceedings

Nil

V. As on the date of this Draft Red Herring Prospectus, there is no litigation involving our Group Companies which may have a material impact on our Company.

VI. Tax proceedings against our Company, Subsidiaries, Directors and Promoters.

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Company, Subsidiaries, Directors and Promoters:

Nature of Proceedings	Number of cases	Amount involved (in ₹ million)
<i>Our Company</i>		
Direct tax	1	_*
Indirect tax	-	-
<i>Directors</i>		
Direct tax	1	0.01
Indirect tax	-	-
<i>Promoters</i>		
Direct tax	2	2.90
Indirect tax	-	-

* Amount not ascertainable

OUTSTANDING DUES TO CREDITORS

In accordance with the Materiality Policy, details of outstanding dues (trade payables) owed to MSME (as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at June30, 2023, are set out below:

Types of creditors	Number of Creditors	Amount Outstanding (₹ In Millions)
Material Creditors	2	50.91
Micro, Small and Medium Enterprises*	16	27.03
Other creditors	508	69.61
Total	526	147.55

*As defined under the Micro, Small and Medium Enterprises Development Act, 2006.

The details *pertaining* to outstanding dues to creditors as on June 30, 2023 along with the name and amount involved for each such Material Creditors, are available on the website of our Company www.diffusionengineers.com.

DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, our Promoters nor our Directors are or have been classified as a wilful defaulter or fraudulent borrower by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI.

MATERIAL DEVELOPMENTS

Except as disclosed in the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 333 of this Draft Red Herring Prospectus, in the opinion of our Board, there have not arisen, since the date of the last financial information as disclosed in this Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay material liabilities within the next 12 months from the date of filing of this Draft Red Herring Prospectus.

GOVERNMENT AND OTHER APPROVALS

We have set out below a list of consents, licenses, registrations, permissions and approvals from the Government of India and various governmental agencies required to be obtained by our Company which are considered material and necessary for the purposes of undertaking our present business activities and operations. In view of the approvals listed below, our Company can undertake this Issue and its business activities, as applicable. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals and licenses are valid as on the date of this Draft Red Herring Prospectus and in case of licenses and approvals which have expired we have either made application for renewal or are in the process of making an application for renewal. In order to operate our business, we require various approvals and/or licenses under various laws, rules and regulations.

For further details in connection with the regulatory and legal framework within which we operate, see the section titled “Key Regulations and Policies” on page 247.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

Following statement sets out the details of licenses, permissions and approvals obtained by the Company under various central and state legislations for carrying out its business activities.

I. INCORPORATION DETAILS OF OUR COMPANY

1. Certificate of incorporation dated November 05, 1982, issued to our Company by the Registrar of Companies, Maharashtra at Bombay.
2. Certificate of Registration of the Order of Court dated March 03, 1988, confirming transfer of Registered Office from one state to another, issued by the RoC, Karnataka at Bangalore consequent upon change in registered office from the state of Maharashtra to the state of Karnataka.
3. Certificate of incorporation dated July 03, 1995, issued by the RoC, Karnataka at Bangalore, consequent upon change in our name from ‘Diffusion Engineers Private Limited to ‘Diffusion Engineers Limited’, pursuant to conversion of our Company from a private limited company to a public limited company.
4. Certificate of Registration of the Order of Court dated December 01, 1999, confirming transfer of Registered Office from one state to another, issued by the RoC, Karnataka at Bangalore, consequent upon change in registered office from the state of Karnataka to the state of Maharashtra.
5. Our Company has been allotted the corporate identity number U99999MH2000PLC124154.

II. APPROVALS IN RELATION TO THE ISSUE

For details regarding the approvals and authorisations obtained by our Company in relation to the Issue, please see “Other Regulatory and Statutory Disclosures - Authority for the Issue” on page 377 of this Draft Red Herring Prospectus.

III. APPROVALS IN RELATION TO OPERATIONS OF OUR COMPANY

A. Tax Related Approvals

1. The permanent account number of our Company is AAACD8008L.
2. The tax deduction account number of our Company is NGPD00756A.
3. The GST registration obtained by our Company is 27AAACD8008L1ZK, issued by the Government of India for GST payment in the state of Maharashtra where our business operations are situated.

B. Labour Related Approvals

1. Under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, our Company has been allotted EPF code number NGNAG0061149000.
2. Under the provisions of the Employees' State Insurance Act, 1948 our Company has been allotted code number 23000033150000506.
3. Under the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975 our Company has been allotted registration number 27970000530.

C. Business Related Approvals

(i) General Approvals

1. Udyam Registration bearing number UDYAM-MH-20-0001714 dated July 29, 2020, as Medium Enterprise under the Micro, Small and Medium Enterprise Act, 2006.
2. The import export code (IEC) of our Company is 0301033013.

(ii) Unit I

1. License to work a factory dated December 24, 2021, bearing registration number 12050202990000D issued by the Directorate of Industrial Safety and Health (Labour Department), Government of Maharashtra under the Factories Act, 1948, as amended (and rules made thereunder).
2. Consent to operate dated November 01, 2019, bearing number: RO-NAGPUR/CONSENT/1911000048 issued by Maharashtra Pollution Control Board under the Water Act, the Air Act, and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.
3. Certificate of Verification bearing LCR no. CLM31221614 dated March 13, 2023, under the Legal Metrology Act 2009 read with the Maharashtra Legal Metrology (Enforcement) Rules, 2011.

(iii) Unit II

1. License to work a factory dated December 24, 2021, bearing registration number 1205020299000D3 issued by the Directorate of Industrial Safety and Health (Labour Department), Government of Maharashtra under the Factories Act, 1948, as amended (and rules made thereunder).
2. Consent to operate dated March 07, 2022, bearing consent no. RO-NAGPUR/CONSENT/2203000401 issued by Maharashtra Pollution Control Board under the Water Act, the Air Act, and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.
3. Certificate of Verification bearing LCR no. CLM31773172 dated June 06, 2023, under the Legal Metrology Act 2009 read with the Maharashtra Legal Metrology (Enforcement) Rules, 2011.
4. Registration as Principal Employer bearing registration no. 1652300710005321 dated June 28, 2016 issued by Assistant Labour Commissioner Nagpur under the provisions of Contract Labour (Regulation and Abolition) Act, 1970.
5. Final No Objection Certificate from fire safety authorities.

(iv) Unit III

1. License to work a factory dated December 24, 2021, bearing registration number 1205028244000D2 issued by the Directorate of Industrial Safety and Health (Labour Department), Government of Maharashtra under the Factories Act, 1948, as amended (and rules made thereunder).
2. Consent to operate dated November 02, 2020, bearing consent number RO-NAGPUR/CONSENT/2011000048 issued by Maharashtra Pollution Control Board under the Water Act, the Air Act, and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.
3. Certificate of Verification bearing LCR no. CLM31221976 dated December 07, 2012 under the Legal Metrology Act 2009 read with the Maharashtra Legal Metrology (Enforcement) Rules, 2011.
4. Registration as Principal Employer bearing registration no. 1652300710004226, dated April 09, 2012 issued by Assistant Labour Commissioner Nagpur under the provisions of Contract Labour (Regulation and Abolition) Act, 1970.

(v) Unit IV

1. Consent to operate dated February 18, 2022, bearing consent no. RO-NAGPUR/CONSENT/2202001135 issued by Maharashtra Pollution Control Board under the Water Act, the Air Act, and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016.
2. Certificate of Verification bearing LCR no. CLM31221412 dated December 07, 2022 under the Legal Metrology Act 2009 read with the Maharashtra Legal Metrology (Enforcement) Rules, 2011.

3. Registration under the Maharashtra Shops and Establishment (Regulation of employment and Condition of Service) Act, 2017.
4. Final No Objection Certificate from fire safety authorities.

IV. APPROVALS APPLIED FOR BUT NOT YET RECEIVED:

1. Three Applications all dated November 30, 2023, for seeking modification/amendment to Consent to Operate issued by Maharashtra Pollution Control Board for Unit I, Unit III and Unit IV
2. Three Applications all dated December 02, 2023 to Maharashtra Industrial Development Corporation for sub-letting Unit I to Diffusion Super Conditioning Services Private Limited, Diffusion Hernon Adhesive and Sealant Private Limited and Benvira Forward Algorithms Private Limited.
3. Application dated December 21, 2023 to Maharashtra Industrial Development Corporation for sub-letting Unit III to Diffusion Hernon Adhesive and Sealant Private Limited.
4. No Objection Certificate from fire safety authorities for Unit I and II

V. MATERIAL LICENSES/ APPROVALS REQUIRED BUT NOT OBTAINED OR APPLIED FOR:

Nil

VI. APPROVALS EXPIRED AND RENEWAL TO BE APPLIED FOR:

Nil

VII. APPROVALS OBTAINED IN RELATION TO INTELLECTUAL PROPERTY RIGHTS

As of the date of this Draft Red Herring Prospectus, our Company has 60 registered trademarks in the name of our Company as mentioned below:

Sr. No	Class of Trademark	Category	Trademark	Trademark Certificate No.	Date of Application	Validity
1	TM Class 6	Word	ABRALOY 300	1045675	16-09-2010	16-09-2030
2	TM Class 6	Word	ABROCAR 60	1055137	16-09-2010	16-09-2030
3	TM Class 6	Word	ABROCAR 184	1045598	16-09-2010	16-09-2030
4	TM Class 6	Word	ABROCAR 68	1054614	16-09-2010	16-09-2030
5	TM Class 6	Word	ARCALOY SUPER	1045809	16-09-2010	16-09-2030
6	TM Class 6	Word	BATRA-I	1050686	16-09-2010	16-09-2030
7	TM Class 6	Word	CACI 540	1050653	16-09-2010	16-09-2030
8	TM Class 6	Word	CORDIFF 53 ARC	1050556	16-09-2010	16-09-2030
9	TM Class 6	Word	CORDIFF 201	1050941	16-09-2010	16-09-2030
10	TM Class 6	Word	CORDIFF 203	1050623	16-09-2010	16-09-2030
11	TM Class 6	Word	CORDIFF 324	1051002	16-09-2010	16-09-2030

12	TM Class 6	Word	CORDIFF 341	1050866	16-09-2010	16-09-2030
13	TM Class 6	Word	CORDIFF 4351 B	1046627	16-09-2010	16-09-2030
14	TM Class 6	Word	CORDIFF 54 NM	1045732	16-09-2010	16-09-2030
15	TM Class 6	Word	CORDIFF 57	1045531	16-09-2010	16-09-2030
16	TM Class 6	Word	CORDIFF 57 BW	1054757	16-09-2010	16-09-2030
17	TM Class 6	Word	CORDIFF 59 L	1050748	16-09-2010	16-09-2030
18	TM Class 6	Word	CORDIFF 65 ZB	1050863	16-09-2010	16-09-2030
19	TM Class 6	Word	CORDIFF 66 W4	1054746	16-09-2010	16-09-2030
20	TM Class 6	Word	CORDIFF 72 ZBC	1050896	16-09-2010	16-09-2030
21	TM Class 6	Word	CORDIFF 270 K	1045695	16-09-2010	16-09-2030
22	TM Class 6	Word	CORDIFF 600 OA	1055082	16-09-2010	16-09-2030
23	TM Class 6	Word	CORDIFF 600 TIC	1054458	16-09-2010	16-09-2030
24	TM Class 6	Word	CORDIFF 760 NB	1054647	16-09-2010	16-09-2030
25	TM Class 6	Word	CORDIFF 801 ER	1054855	16-09-2010	16-09-2030
26	TM Class 6	Word	CORDIFF TT 400	1054374	16-09-2010	16-09-2030
27	TM Class 6	Word	DIFF TILES	1054953	16-09-2010	16-09-2030
28	TM Class 6	Word	DIFFUSALLOY 656 CrNi	1051076	16-09-2010	16-09-2030
29	TM Class 6	Word	DIFFUSALLOY 817	1054424	16-09-2010	16-09-2030
30	TM Class 6	Word	DIFFUSALLOY 925	1050554	16-09-2010	16-09-2030
31	TM Class 6	Word	DIFFUSALLOY 4351	1046769	16-09-2010	16-09-2030
32	TM Class 6	Word	DIFFUSALLOY 6180	1045873	16-09-2010	16-09-2030
33	TM Class 6	Word	DIFFUSALLOY ALBRO	1054612	16-09-2010	16-09-2030
34	TM Class 6	Word	DIFFUSALLOY 815 SPECIAL	1046081	16-09-2010	16-09-2030
35	TM Class 6	Word	NODURON 160 N	1045960	16-09-2010	16-09-2030
36	TM Class 6	Word	UNILOY 624	1054837	16-09-2010	16-09-2030
37	TM Class 6	Word	SUPERALLOY 1770	1055058	16-09-2010	16-09-2030
38	TM Class 6	Word	FERROCAST 102	2265280	07-10-2017	07-10-2027
39	TM Class 6	Word	DIFFUSALLOY 242	1821167	07-10-2017	07-10-2027
40	TM Class 7	Word	SOP	774289	31-05-2007	31-05-2027
41	TM Class 7	Word	DIFFUSALY 310	783374	31-05-2007	31-05-2027
42	TM Class 2	Device	DIFFCOR	1005751	17-06-2010	17-06-2030
43	TM Class 7	Word	CORODUR	774156	31-05-2007	31-05-2027
44	TM Class 7	Word	DIFFUSALLOY 155	774155	31-05-2007	31-05-2027
45	TM Class 7	Word	DIFFUSALLOY 181	773819	31-05-2007	31-05-2027
46	TM Class 7	Word	DIFFUSALLOY 800 ELH	773882	31-05-2007	31-05-2027
47	TM Class 7	Word	DIFFUSALLOY 316 L	774151	31-05-2007	31-05-2027
48	TM Class 7	Word	DIFFUSALLOY 202	774158	31-05-2007	31-05-2027
49	TM Class 7	Word	DIFFUSALLOY 618	774150	31-05-2007	31-05-2027
50	TM Class 7	Word	DIFFUSALLOY 309 L	774154	31-05-2007	31-05-2027
51	TM Class 7	Word	DIFFUSALLOY 316 L	774151	31-05-2007	31-05-2027
52	TM Class 7	Word	DIFFUSION	774064	31-05-2007	31-05-2027
53	TM Class 2	Device	DIFFGLASS	1007110	17-06-2010	17-06-2030
54	TM Class 9	Word	XALOY-52	163789	09-08-1983	09-08-2024

55	TM Class 9	Word	TUFALOY-320	163787	09-08-1983	09-08-2024
56	TM Class 6	Word	UNILOY 624	1054837	16-09-2010	16-09-2030
57	TM Class 6	Word	HADMOLOY 140	1824161	07-10-2017	07-10-2027
58	TM Class 6	Word	GRELOY-850	1824159	07-10-2017	07-10-2027
59	TM Class 6	Word	CINOD 160	1824158	07-10-2017	07-10-2027
60	TM Class 6	Word	BATRA-II	1205784	16-09-2010	16-09-2030

Our Company has not applied for registration of any other trademarks as on the date of this Draft Red Herring Prospectus

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board has approved the Issue pursuant to the resolution passed at its meeting held on December 13, 2023. Further, our Shareholders have approved the Issue pursuant to a special resolution passed on December 20, 2023 under Section 62(1)(c) of the Companies Act.

Our Board has on December 26, 2023 approved the Draft Red Herring Prospectus for filing with Securities and Exchange Board of India (“SEBI”) and the Stock Exchanges.

Our Company has received in-principle approval from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or any other regulatory authorities

We confirm that our Company, our Subsidiary, our Promoters, the members of our Promoter Group, our Directors and persons in control of our Company or our Promoters are not prohibited from accessing the capital market for any reason or debarred from buying, selling or dealing in securities, under any order or directions by the SEBI or any other securities market regulator in any other jurisdiction or any other authority/ court as on the date of this Draft Red Herring Prospectus.

None of our Directors are associated with the securities market in any manner and there is no outstanding action against them initiated by the SEBI in the past five years against our Directors or any other entity with which our Directors are associated as promoters or director.

Our Company, Promoters or Directors have neither been declared as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the RBI. Further, there have not been any violations of securities laws by our Promoters and our Directors.

Further, none of our Promoters or Directors have been declared as fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

Except as disclosed in Risk Factor no. 20 – *“There have been some instances of incorrect filings with the Registrar of Companies and other non-compliances under the Companies Act in the past which may attract penalties.”*, our Company, our Promoters and the members of the Promoter group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent in force and applicable, as on the date of this Draft Red Herring Prospectus.

Other Confirmations

None of our Promoters, members of Promoter Group and Directors have been or are directors on the board of any company or limited liability partnership whose name appears in the lists of struck-off companies/limited liability partnerships by the registrar of companies:

Eligibility for the Issue

Our Company is eligible for the Issue in accordance with Regulation 6(1) of the SEBI ICDR Regulations, as set out under the eligibility criteria and as derived from the Restated Consolidated Financial Statements and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹ 30.00 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% of the net tangible assets are held as monetary assets, kindly refer section titled “Financial Information” beginning on page no. 296.
- Our Company has an average operating profit of at least ₹ 150.00 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years.
- Our Company has a net worth of at least ₹ 10.00 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis.
- There has been no change of name of our Company at any time during the one year immediately preceding the date of filing of this Draft Red Herring Prospectus.

Our Company’s net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profit and net worth, have been derived from the Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus as at, and for the three immediately preceding Financial Years are disclosed below.

Derived from the Restated Consolidated Financial Statements:

Particulars	As at		
	March 31, 2023	March 31, 2022	March 31, 2021
Restated Net tangible assets ^(a)	1,456.68	1,240.25	1,085.55
Net worth ^(b)	1,419.97	1,206.48	1,051.22
Monetary assets ^(c)	45.31	35.66	46.79
Operation profits ^(d)	271.60	192.00	147.93
Monetary assets, as a % of net tangible assets (c) / (a)	3.11%	2.88%	4.31%

- a) “Net Tangible Assets” means the sum of all net assets (arrived at by deducting non-current liabilities, current liabilities from total assets) of the Company, excluding intangible assets as defined in Indian Accounting Standard (Ind AS) 38 and deferred tax assets as defined in Ind AS 12 and excluding the impact of deferred tax liabilities as defined in Ind AS 12 issued by Institute of Chartered Accountants of India.
- b) “Net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses on a restated basis.
- c) “Monetary assets” represent the sum of cash and cash equivalents, other bank balances.
- d) “Operating profit” is defined as profit before finance costs, other income and tax expenses

Our Company has operating profits in each of Fiscal 2023, 2022 and 2021 in terms of our Restated Consolidated Financial Statements as indicated in the table above.

We are eligible to undertake the Issue as per Rule 19(2)(b) of the SCRR read with Regulations 6(1) of the SEBI ICDR Regulations. Accordingly, in accordance with Regulation 32(1) of the SEBI ICDR Regulations we are required to allocate not more than 50% of the Issue to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional of which one-third of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹ 200,000 and up to ₹ 1,000,000 and two-thirds of the Non-Institutional Category shall be available for allocation to Bidders with an application size of more than ₹ 1,000,000 and under-subscription in either of these two sub-categories of Non-Institutional Category may be allocated to Bidders in the other sub-category of Non-Institutional Category in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. Further not less than 35% of the Issue shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. In the event we fail to do so, the full application money shall be refunded to the Bidders.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees shall not be less than 1,000 failing which, the entire application money will be refunded forthwith in accordance with SEBI ICDR Regulations and other applicable laws. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Further, our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and has ensured compliance and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Also, our Company confirms that it is not ineligible to make the Issue in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

- a) Our Company, our Promoters, members of our Promoter Group, or our Directors are not debarred from accessing the capital markets by SEBI;
- b) None of our Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by SEBI.
- c) None of our Company, our Promoters and our Directors have been categorized as a wilful defaulter or a fraudulent borrower.
- d) None of our Promoters nor any of our Directors have been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.
- e) As on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares

- f) Our Company, along with the Registrar to the Issue, has entered into tripartite agreements dated August 14, 2012 and October 27, 2023 with National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”), respectively, for dematerialization of the Equity Shares;
- g) The Equity Shares of our Company held by our Promoters are in dematerialised form except for the 20,553,678 Equity Shares allotted on November 29, 2023 by virtue of Bonus Issue for which our Company is in the process of crediting the Equity Shares to the respective demat accounts; and
- h) All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus. .

DISCLAIMER CLAUSE OF SEBI

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, UNISTONE CAPITAL PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, UNISTONE CAPITAL PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, UNISTONE CAPITAL PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 27, 2023 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS 2018, AS AMENDED.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/ OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLM ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.”

All applicable legal requirements pertaining to this Issue will be complied with at the time of registering the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All applicable

legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company our Directors, the Promoters and the Book Running Lead Manager

Our Company, our Directors, the Promoters and the Book Running Lead Manager accept no responsibility for statements made otherwise than those contained in the Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information including our Company's website www.diffusionengineers.com/ or any website of members of our Promoter Group, our Subsidiary, our Group Companies and any of our affiliates would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement, to be executed between the Underwriters and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

None among our Company, the Promoters or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software or hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Promoters, the Underwriters and their respective directors, partners, designated partners, trustees, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Promoters, the Underwriters and their respective directors, officers, partners, designated partners, trustees, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLM and its respective associates and affiliates in their capacity as principals or agents, may engage in transactions with, and perform services for, our Company, our Subsidiary, and their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Promoters, our Subsidiary, and their respective directors and officers, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India) who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI

permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, multilateral and bilateral development financial institutions, public financial institutions as specified in Section 2(72) of the Companies Act, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs (under Schedule I of the FEMA Rules) and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. Any dispute arising out of this Issue will be subject to jurisdiction of the appropriate court(s) in Mumbai, Maharashtra, India only.

This Draft Red Herring Prospectus does not constitute an offer to sell an invitation to subscribe to or purchase the Equity Shares in the Issue in any jurisdiction, other than in India, to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Invitations to subscribe to or purchase the Equity Shares in the Issue will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Issue, which comprises the Red Herring Prospectus and the preliminary international wrap for the Issue, if the recipient is outside India. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No person outside India is eligible to bid for Equity Shares in the Issue unless that person has received the preliminary offering memorandum for the Issue, which contains the selling restrictions for the Issue outside India.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date. Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Eligibility and Transfer Restrictions

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares may be offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the

jurisdiction where those offers and sales are made. For the avoidance of doubt, the term “U.S. QIBs” does not refer to a category of institutional investors defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and were not offered or sold, and Bids were not made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Issue) may violate the registration requirements of the U.S. Securities Act if such an offer for sale is made unless made pursuant to Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act and in accordance with applicable state securities laws in the United States.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, will be included in the Red Herring Prospectus and the Prospectus prior to the filing with the RoC.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, will be included in the Red Herring Prospectus and the Prospectus prior to the filing with the RoC.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission to deal in and for an official

quotation of the Equity Shares being issued in the Issue and [●] is the Designated Stock Exchange, with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within such time prescribed by SEBI. If our Company does not Allot Equity Shares pursuant to the Issue within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period or such other rate prescribed by SEBI.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges are taken within six Working Days from the Bid/ Issue Closing Date.

If our Company does not Allot Equity Shares pursuant to the Issue within six Working Days from the Bid/ Issue Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Consents

Consents in writing of our Promoters, our Directors, our Company Secretary and Compliance Officer, Chief Financial Officer, Legal Advisor to the Issue, the Book Running Lead Manager, Statutory & Peer Reviewed Auditor, the Registrar to the Issue, Banker to the our Company, independent chartered engineer in their respective capacities have been obtained; and consents in writing of the Syndicate Members, Underwriter, Monitoring Agency, Escrow Collection Bank(s), Banker(s) to the Issue/ Public Issue Bank(s)/ Refund Bank(s) and Sponsor Bank to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Sections 26 and 32 of the Companies Act. Further, consents received prior to filing of this Draft Red Herring Prospectus have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI

Experts to the Issue

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

Our Company has received written consents from the following persons to include their names in this Draft Red Herring Prospectus as an "Expert" as defined under Section 2(38) and 26 of the Companies Act, read with SEBI ICDR Regulations and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus:

- (i) Consent dated December 24, 2023, from our Statutory Auditor namely, M/s. PGS & Associates, Chartered Accountants, in respect of the reports of the Statutory Auditors on the Restated Consolidated Financial Statements dated November 30, 2023,
- (ii) Consent letter dated December 24, 2023 from our Statutory Auditor namely, M/s. PGS & Associates, Chartered Accountants, in respect of the Statement of Possible Special Tax Benefits dated December 21, 2023 included in this Draft Red Herring Prospectus.
- (iii) Consent dated December 21, 2023 from M/s. Sandeep Mashru & Co., Independent Chartered Engineers in respect of their (i) certificates dated December 05, 2023 on our Company's installed capacity and capacity utilisation at our Units I, II, III and IV; (ii) certificate dated December 21, 2023

- for the Proposed Facility and (iii) certificate dated December 21, 2023 for the proposed expansion at Khapri (Uma), Nagpur included in this Draft Red Herring Prospectus.
- (iv) Consent dated December 21, 2023 from Madhav Kawade, Practising Company Secretary for the Physical ROC Search Report.

Such consents have not been withdrawn as on the date of this DRHP. However, the term “expert” and the consent thereof shall not be construed to mean an “expert” or consent within the meaning as defined under the U.S. Securities Act.

Capital issue during the previous three years by our Company

Except as disclosed in “*Capital Structure – Notes to the capital structure*” on page 100 of this Draft Red Herring Prospectus, our Company has not made any capital issues during the previous three years.

Public or rights issues by our Company during the last five (5) years

Our Company has not made any public or rights issues (as defined under the SEBI ICDR Regulations) during the five years preceding the date of this Draft Red Herring Prospectus.

Commission and brokerage on previous issues

Since this is an Initial Public Issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares in the five years preceding the date of this Draft Red Herring prospectus.

Capital issue during the previous three years by listed Group-Companies/ subsidiaries/ associates of our Company

Except as stated under chapter titled “*Capital Structure*” beginning on page 100 of the Draft Red Herring Prospectus, our Company has not undertaken any capital issue. As on the date of this Draft Red Herring Prospectus, our Company does not have any listed subsidiary or associate companies.

None of our Group Companies have their equity shares listed on the Stock Exchanges.

Performance vis-a-vis objects – Public/ rights issue of our Company

Except as stated under chapter titled “*Capital Structure*” beginning on page 100 of the Draft Red Herring Prospectus, our Company has not undertaken any previous rights issue. Further, this Issue is an “Initial Public Issue” in terms of SEBI ICDR Regulations and our Company has not undertaken any previous public issue.

Performance vis-a-vis objects – Last one Public Issue/ Rights Issue of Subsidiaries/ Listed Promoters

Our Company has not undertaken any rights issue in the five years preceding the date of this Draft Red Herring Prospectus. Our Company has not made any public issues in the five years preceding the date of this Draft Red Herring Prospectus. As on the date of this Draft Red Herring Prospectus, our Company does not have any listed Subsidiary.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Price Information and track record of past issued handled by the Book Running Lead Manager

Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by
Unistone Capital Private Limited

Sr. No.	Issue Name	Issue Size (in Lakhs)	Issue price	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
Main Board								
1	Global Surfaces Limited	15,498	140	March 23, 2023	163	54.64% [3.90%]	43.32% [10.42%]	- 22.89% [16.54%]
2	Ratnaveer Precision Engineering Limited	16,503.20	98	September 11, 2023	123.2	16.63% [-0.93%]	19.90% [4.87%]	-
3	Valiant Laboratories Limited	15,246.00	140	October 03, 2023	162.15	44.25% [-2.07%]	-	-
SME Platform								
1	Integrated Personnel Services Limited	1,274.40	59	November 11, 2022	66.5	37.63% [0.80%]	25.68% [-2.49%]	21.80% [-0.19%]
2	All E Technologies Limited	4,819.68	90	December 21, 2022	125	23.72% [-0.94]	2.94% [-6.00]	17.17% [3.06%]
3	MOS Utility Limited	4,996.54	76	April 18, 2023	90	39.47% [2.66%]	15.39% [11.62%]	17.28% [11.84]
4	Sahana System Limited	3,273.75	135	June 12, 2023	163	8.22% [4.21%]	97.67% [6.55%]	321.67% [12.73%]
5	Sangani Hospitals Limited	1,516.80	40	August 17, 2023	44	-4.55% [4.27%]	-1.25% [1.60%]	-
6	Mono Pharmacare Limited	1,484.00	28	September 7, 2023	29	40.18% [-0.37%]	69.82% [4.87%]	-
7	Unihealth Consultancy Limited	5,654.88	132	September 21, 2023	135	4.84% [-1.02%]	-2.92% [8.67%]	-

Source: www.nseindia.com

(1) NSE as Designated Stock Exchange.

Notes:

- Issue size derived from Prospectus/final post issue reports, as available.
- The CNX NIFTY is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
- Price on NSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
- In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.
- Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Summary statement of price information of past public issues handled by Unistone Capital Private Limited

Financial year	Total no. of IPO*	Total funds Raised (₹ Cr)	Nos of IPOs trading at discount on 30th Calendar day from listing date			Nos of IPOs trading at premium on 30 th Calendar day from listing date			Nos of IPOs trading at discount on 180 th Calendar day from listing date			Nos of IPOs trading at premium on 180 th Calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less Than 25%
Main Board														
FY 2021-22	2	251.39	-	1	-	-	-	1	1	-	-	-	-	1
FY 2022-23	1	154.39	-	-	-	-	1	-	-	-	1	-	-	-
FY 2023-24	2	317.49	-	-	1	-	-	1	-	-	-	-	-	-
SME Platform														
FY 2021-22	2	8.99	-	-	-	-	1	1	-	-	-	1	1	-
FY 2022-23	2	56.52	-	-	1	-	-	1	-	-	2	-	-	-
FY 2023-24	5	169.27	-	-	1	-	1	3	-	-	-	1	-	1

Track record of past issues handled by the Book Running Lead Manager

For details regarding the track record of the BRLM, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the website www.unistonecapital.com

Mechanism for Redressal of Investor Grievances

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, and SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the BRLM shall compensate the investors at the rate higher of ₹100 or 15% per annum of the application amount for the period of such delay. Further, in terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLM, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

The following compensation mechanism has become applicable for investor grievances in relation to Bids made through the UPI Mechanism for public issues opening on or after May 1, 2021, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled/withdrawn/deleted applications	₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation/withdrawal/deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original application amount and 2. ₹ 100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock

Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted/ partially Allotted applications	₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalization of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the post-issue BRLM shall be liable to compensate the investor ₹ 100 per day or 15% per annum of the Bid Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

The Registrar Agreement provides for retention of records with the Registrar to the Issue for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares pursuant to the Issue, or such other period as may be prescribed under applicable law to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances in relation to the Bidding process, other than of Anchor Investors, may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID (for UPI Bidders who make the payment of Bid Amount through the UPI Mechanism), PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked, and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or the application number duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

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

For helpline details of the Book Running Lead Manager pursuant to March 2021 Circular, see "General Information" on page 91.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Our Company, the BRLM and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with their obligations under applicable

SEBI ICDR Regulations. In terms of the SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be 7 (seven) Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company shall obtain authentication on the Securities and Exchange Board of India Complaints Redress System (“**SCORES**”) and is in compliance with the SEBI circulars in relation to redressal of investor grievances through SCORES.

Our Company has constituted a Stakeholders’ Relationship to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For details, please refer to the chapter titled “*Our Management*” beginning on page 265 of this Draft Red Herring Prospectus.

Our Company has appointed Chanchal Jaiswal, as the Company Secretary & Compliance Officer to redress complaints, if any, of the investors participating in the Issue. Contact details for our Company Secretary and Compliance Officer are as follows:

Chanchal Jaiswal
c/o Diffusion Engineers Limited
T-5 & T-6, Nagpur Industrial Area, MIDC,
Hingna, Nagpur - 440016 Maharashtra
Website: www.diffusionengineers.com
Email id: cs@diffusionengineers.com

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Our Company has not sought for any exemptions from complying with any provisions of securities laws from the SEBI, as on the date of this Draft Red Herring Prospectus.

SECTION VII - OFFER RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered and Allotted pursuant to this Issue shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, the AoA, SEBI Listing Regulations, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, the Abridged Prospectus, the Bid cum Application Form, the Revision Form, the CAN/ Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/ certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the Issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/ or any other authorities while granting their approval for the Issue.

The Issue

The Issue comprises a Fresh Issue by our Company.

Expenses for the Issue shall be borne our Company in the manner specified in “*Objects of the Issue-Issue related expenses*” on page 161.

Ranking of Equity Shares

The Equity Shares being Allotted pursuant to the Issue shall rank pari passu in all respects with the existing Equity Shares including in respect of voting and the right to receive dividend. The Allottees upon Allotment of Equity Shares in the Issue, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of the Allotment. For further details, see “*Main Provisions of Articles of Association*” beginning on page 429 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum of Association and the Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment (pursuant to the Allotment of Equity Shares), will be payable to the Bidders who have been Allotted Equity Shares in the Issue, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see “*Dividend Policy*” and “*Main Provisions of Articles of Association*” beginning on pages 295 and 429 respectively of this Draft Red Herring Prospectus.

Face Value, Issue Price and Price Band

The face value of each Equity Share is ₹ 10/- and the Issue Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Floor Price of the Equity Shares is ₹ [●] per Equity Share and the Cap Price of the Equity Shares is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

The Issue Price, Price Band and the minimum Bid Lot, will be decided by our Company and the Promoters, in consultation with the Book Running Lead Manager, and advertised in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Marathi daily newspaper (Marathi being the regional language of Maharashtra, where our Registered Office

is located), each with wide circulation, at least two Working Days prior to the Bid/ Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time, there shall be only one denomination of Equity Shares, unless otherwise permitted by law.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of the Equity Shares, subject to applicable laws; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and our Memorandum of Association and Articles of Association and other applicable laws.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, etc., see “*Main Provisions of Articles of Association*” beginning on page 429 of this Draft Red Herring Prospectus.

Allotment only dematerialised form

Pursuant to Section 29 of the Companies Act and the SEBI ICDR Regulations, the Equity Shares shall be allotted only dematerialised form and trading of the Equity Shares shall also only be dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- Tripartite agreement dated August 14, 2012 amongst our Company, NSDL and the Registrar to the Issue.
- Tripartite agreement dated October 27, 2023 amongst our Company, CDSL and the Registrar to the Issue.

Market Lot and Trading Lot

Since trading of the Equity Shares is dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Share subject to a minimum Allotment of [●] Equity Shares for Retail Individual Bidders and Minimum NIB Application Size for Non-Institutional Bidders.

Joint holders

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint holders with benefits of survivorship.

Jurisdiction

The courts of Mumbai, Maharashtra, India will have exclusive jurisdiction in relation to this Issue.

Period of operation of subscription list

See “Bid/Issue Programme” on page 394.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, and the rules framed thereunder, the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/ transfer/ alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only in the prescribed form available on request at our Registered Office or to the Registrar and Transfer Agent of our Company.

Further, a nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act shall upon the production of such evidence as may be required by our Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

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

Bid/ Issue Programme

BID/ ISSUE OPENS ON	[●]*
BID/ ISSUE CLOSES ON	[●]**

- * Our Company may, in consultation with the Promoters and the Book Running Lead Manager, consider participation by Anchor Investors. Our Company, in consultation with the BRLM, may allocate up to 60% of the QIB Portion to Anchor Investors and the basis of such allocation will be on a discretionary basis by our Company, in consultation with the BRLM, in accordance with the SEBI ICDR Regulations (the “**Anchor Investor Portion**”). The Anchor Investor Bid/ Issue Period will be one Working Day prior to the Bid/ Issue Opening Date, i.e., [●], in accordance with the SEBI ICDR Regulations.
- ** UPI mandate end time and date shall be at 5:00 pm on on Bid/ Issue Closing Date.

An indicative timetable in respect of the Issue is set out below:

Event	Indicative Date
Bid/Issue Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of refunds (if any, for Anchor Investors)/ unblocking of funds from ASBA Account*	[●]
Credit of Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

* In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 read with SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable, issued by SEBI, and any other applicable law in case of delays in resolving investor grievances in relation to blocking/unblocking of funds. In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100/- per day or 15% of the application amount, whichever is higher, for the entire duration of delay exceeding two Working Days from the Bid/ Issue Closing Date in terms of the UPI Circulars by the intermediary responsible for causing such delay in unblocking. The BRLM shall, in its sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. For details, please see “Issue Procedure” beginning on page 403 of this Draft Red Herring Prospectus.

The processing fees for applications made by the UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI Circular No. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.

The above timetable is indicative and does not constitute any obligation or liability on our Company, the Promoters or the Book Running Lead Manager.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within three Working Days from the Bid/ Issue Closing Date or such period as may be prescribed, with reasonable support and co-operation of the Promoters, as may be required in respect of his portion of the Issued Shares, the timetable may change due to various factors, any delay in receiving the final listing and trading approval from the Stock Exchanges. In terms of the SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, our Company shall within four days from the closure of the Issue, refund the subscription amount received in case of non – receipt of minimum subscription or in case our Company fails to obtain listing or trading permission from the Stock Exchanges for the Equity Shares. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

SEBI vide circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 has reduced the post issue timeline for initial public offerings (“IPO”). The revised timeline of T+3 days has been made applicable in two phases, i.e., voluntary for all public issues opening on or after September 1, 2023 and mandatory on or after December 1, 2023. Accordingly, the Offer will be made under UPI Phase III on mandatory basis, subject to the timing of the Offer and any circulars, clarification or notification issued by the SEBI from time to time, including with respect to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023.

The BRLM will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within such period as may be prescribed by SEBI, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the abovementioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Issue Period (except the Bid/ Issue Closing Date)	
Submission and Revision in Bids	Only between 10:00 a.m. and 5:00 p.m. Indian Standard Time (“IST”)
Bid/ Issue Closing Date*	
Submission and Revision in Bids	Only between 10:00 a.m. and 3:00 p.m. IST

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

On the Bid/ Issue Closing Date, the Bids shall be uploaded until:

- (i) 4:00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (i) until 5:00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Investors.

On Bid/ Issue Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the Book Running Lead Manager to the Stock Exchanges.

The Registrar to the Issue shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on daily basis within 60 minutes of the Bid closure time from the Bid/ Issue Opening Date till the Bid/ Issue Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLM and the Registrar to the Issue on a daily basis, as per the format prescribed in March 2021 Circular and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, Bidders were advised to submit their Bids one day prior to the Bid/ Issue Closing Date no later than 1.00 p.m. (Indian Standard Time). Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Issue Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids and any revision in Bids will be accepted only during Working Days. Bidders may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange platform during the Bid/ Issue Period till 5.00 pm on the Bid/ Issue Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per Bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

None among our Company and the Promoters or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company in consultation with the Promoters and the Book Running Lead Manager, reserves the right to revise the Price Band during the Bid/ Issue Period. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price and shall at all times be at least 105% of the Floor Price.

In case of revision in the Price Band, the Bid/ Issue Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/ Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company and the Promoters in consultation with the BRLM may, for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/ Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries. In case of revision of price band, the Bid lot shall remain the same.

Minimum Subscription

If our Company does not receive the minimum subscription in the Issue as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Issue on the Bid/Issue Closing Date; or if the subscription level falls below 90% after the closure of Issue on account of withdrawal of applications; or after technical rejections; or any other reason; or in case of devolvement of Underwriting or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Issue, our Company shall forthwith refund the entire subscription amount received in accordance with applicable laws, including the SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum. In the event of an under-subscription in the Issue, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Issue prior to the Equity Shares offered pursuant to the Issue for Sale.

In the event of achieving aforesaid minimum subscription, however, there is under-subscription in achieving the total Issue size, the Equity Shares will be Allotted in the following order:

- (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Issue portion is subscribed;
- (ii) once Equity Shares have been Allotted as per (i) above, such number of Equity Shares will be Allotted by our Company towards the balance 10% of the Issue portion;

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000 failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category except the QIB Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded dematerialized form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restrictions, if any on transfer and transmission of Equity Shares

Except for the lock- in of the pre-Issue Equity Share Capital of our Company, lock- in of the Promoter's contribution and the Anchor Investor lock- in as provided in "*Capital Structure*" beginning on page 100 and except as provided under the Articles of Association, there are no restrictions on transfer of the Equity Shares. Further, there are no restrictions on transmission of the Equity Shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association. For details, see "*Main Provisions of Articles of Association*" beginning on page 429 of this Draft Red Herring Prospectus.

New Financial Instruments

Our Company is not issuing any new financial instruments through this Issue.

Allotment only in Dematerialized Form

Pursuant to Section 29 of the Companies Act, the Equity Shares in the Issue shall be allotted only dematerialized form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be dematerialized form on the Stock Exchanges.

Withdrawal of the Issue

If our Company does not receive the minimum subscription in the Issue as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the Bid/ Issue Closing Date; or subscription level falls below aforesaid minimum subscription after the Bid/ Issue Closing Date due to withdrawal of Bids or technical rejections or any other reason; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Issue, our Company, in consultation with the BRLM, shall withdraw the Issue.

Further, our Company, in consultation with the BRLM, reserve the right not to proceed with the Issue after the Bid/ Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed. The BRLM, through the Registrar to the Issue, shall notify the SCSBs and the Sponsor Bank(s), in case of UPI Bidders, to unblock the bank accounts of the ASBA Bidders and the BRLM shall notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors, within one Working Day from the date of receipt of such notification. In terms of the UPI Circulars, in relation to the Issue, the Book Running Lead Manager will submit reports of compliance with the applicable listing timelines and activities, identifying nonadherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it. Further, in case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding two Working Days from the Bid/ Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Manager shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within such time period as prescribed under Applicable Law and also inform the Bankers to the Issue to process refunds to the Anchor Investors, as the case may be. If our Company withdraws the Issue at any stage including after the Bid/ Issue Closing Date and thereafter determines that it will proceed with an issue or offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

ISSUE STRUCTURE

Initial Public Issue of up to 9,847,000 Equity Shares for cash at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating to ₹ [●] Million. The Issue shall constitute [●]% of the post- Issue paid-up Equity Share capital of our Company. The face value of the Equity Shares is ₹ 10/- each. The Issue is being made through the Book Building Process.

Particulars of the Issue	Qualified Institutional Buyers ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation/ allotment ^{*(2)}	Not more than [●] Equity Shares	Not less than [●] Equity Shares	Not less than [●] Equity Shares
Percentage of Issue Size available for allocation/ allotment	Not more than 50% of the Issue being available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not less than 15% of the Issue or the Issue less allocation to QIBs and Retail Individual Bidders will be available for allocation to Non-Institutional Investors of which one-third of the Non-Institutional Portion will be available for allocation to Non-Institutional Bidders with a Bid size more than ₹ 200,000 to ₹ 1,000,000 and two-thirds of the Non-Institutional Portion will be available for allocation to Non-Institutional Bidders with a Bid size of more than ₹ 1,000,000	Not less than 35% of the Issue shall be available for allocation
Basis of Allotment/ Allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Allotment to each of the Non-Institutional Bidder shall not be less than the Minimum NIB Application Size, subject to availability in the Non-Institutional Portion, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions	Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see,

Particulars of the Issue	Qualified Institutional Buyers ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
	Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	specified in the SEBI ICDR Regulations	<i>“Issue Procedure”</i> on page 403.
Mode of Bid [^]	Only through the ASBA process (except for Anchor Investors) (excluding the UPI Mechanism).	Only through the ASBA process (including the UPI Mechanism for a Bid size of up to ₹ 500,000)	Only through the ASBA process (including the UPI Mechanism
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹ 200,000	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Issue (excluding the Anchor Portion), subject to limits as applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Issue (excluding the QIB Portion), subject to limits applicable to Bidder	Such number of Equity Shares in multiples of [●] Equity Shares such that the bid amount does not exceed ₹ 200,000
Mode of Allotment	Compulsorily in dematerialized form.		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	A minimum of [●] Equity Shares and in multiples of one Equity Shares thereafter in multiples of one Equity Share. For Non- Institutional Bidder allotment shall not be less than the Minimum NIB Application Size		
Trading Lot	[●] Equity Share		
Who can apply ^{(3) (4)}	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, multilateral and bilateral development financial institutions, mutual funds registered with SEBI, FPIs other than individuals, corporate bodies and family offices, VCFs,	Resident Indian Individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, family offices and trusts for Equity Shares such that the Bid Amount	Resident Indian individuals, HUFs (in the name of Karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount does not exceed ₹ 200,000 in value.

Particulars of the Issue	Qualified Institutional Buyers ⁽¹⁾	Non-Institutional Bidders	Retail Individual Bidders
	AIFs, FVCIs, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs	exceeds ₹ 200,000 in value.	
Terms of Payment	In case of Anchor Investors: Full Bid amount shall be payable by the Anchor Investors at the time of submission of their Bids.⁽⁴⁾ In case of all other Bidders: Full Bid amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder, or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form		

**Assuming full subscription in the Issue*

^ SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in Public Issues shall be processed only after the application monies are blocked in the bank accounts of the investors. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIBs, Non-Institutional Bidder and RIBs and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.

(1) Our Company and the Promoters, in consultation with the Book Running Lead Manager, may allocate up to 60% of the QIB Category to Anchor Investors at the Anchor Investor Issue Price, on a discretionary basis, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion will be reserved for domestic Mutual Funds, subject to valid Bids being received at or above the price at which allocation is made to Anchor Investors. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

(2) Subject to valid Bids being received at or above the Issue Price. This is an Issue in terms of Rule 19(2)(b) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations. This Issue is being made through the Book Building Process in compliance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to all QIBs. Further, (a) not less than 15% of the Issue shall be available for allocation to Non-Institutional Bidders (out of which (i) one third shall be reserved for applicants with application size of more than ₹0.2 million and up to ₹1 million, and (ii) two-thirds shall be reserved for applicants with application size of more than ₹ 1 million provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders) and (b) not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

(3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories.

(4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Issue Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.

(5) Anchor Investors are not permitted to use the ASBA process.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories or a combination of categories at the discretion of our Company and the Promoters, in consultation with the Book Running Lead Manager and the Designated Stock Exchange, on a proportionate basis. For further details, please see the chapter titled “*Terms of the Issue*” beginning on page 391 of this Draft Red Herring Prospectus.

ISSUE PROCEDURE

All Bidders should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the “**General Information Document**”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

*Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note (“**CAN**”) and Allotment in the Issue; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications and electronic registration of bids; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*SEBI through the UPI Circulars has proposed to introduce an alternate payment mechanism using Unified Payments Interface (“**UPI**”) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Bidders through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Bidders applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (“**UPI Phase I**”), until June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the prior process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds was discontinued and only the UPI Mechanism for such Bids with a timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever was later (“**UPI Phase II**”). Furthermore, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual Bidders in initial public offerings whose application sizes are up to ₹0.50 million shall use the UPI Mechanism. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. Pursuant to SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 (“**T+3 Circular**”), the final reduced timeline of T+3 days using the UPI Mechanism for applications by UPI Bidders (“**UPI Phase III**”) was made voluntary for public issues opening on or after September 1, 2023, and has been made mandatory for public issues opening on or after December 1, 2023. This Offer will be undertaken pursuant to the processes and procedures under UPI Phase III on mandatory basis, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, had introduced certain additional measures for streamlining the process of initial public issues and redressing investor grievances. Subsequently, the SEBI RTA Master Circular consolidated the aforementioned circulars (excluding SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023) and rescinded these*

circulars to the extent relevant for the RTAs. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings shall be processed only after application monies are blocked in the bank accounts of investors (all categories). In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in T+3 Circular shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid/Issue Closing Date, in accordance with the SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, has reduced the timelines for refund of Application money to four days.

In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI Circular. No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead managers shall continue to coordinate with intermediaries involved in the said process.

Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

The BRLM shall be the nodal entity for any issues arising out of public issuance process.

Our Company and the BRLM are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Issue.

Book Building Procedure

The Issue is being made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis, provided that our Company in consultation with the BRLM may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one third of the portion available to Non-Institutional Bidders shall be reserved for Bidders with an application size of more than ₹0.20 million

and up to ₹1.00 million, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for Bidders with application size of more than ₹1.00 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to Bidders in the other subcategory of Non-Institutional Bidders.

Under-subscription, if any, in any category except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories on proportionate basis, at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange subject to applicable laws. Under-subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors must ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press releases dated June 25, 2021 and September 17, 2021.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID and the Client ID and the PAN and UPI ID (for UPI Bidders Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares dematerialized subsequent to Allotment of the Equity Shares in the IPO.

Phased implementation of UPI for Bids by RIBs as per the UPI Circulars

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of, inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by UPI Bidders through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. The SEBI in its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, has reduced the time period for listing of equity shares pursuant to a public issue from six Working Days to three Working Days. The timeline was applicable on a voluntary basis for public issues opening on or after September 1, 2023 and has been made applicable on a mandatory basis for public issues opening on or after December 1, 2023. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

- (a) **Phase I:** This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended until June 30, 2019. Under this phase, an RIB also had the option to submit the ASBA Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.
- (b) **Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Under this phase, submission of the physical ASBA Form by an RIB through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI payment

mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice.

- (c) **Phase III:** The Phase III commenced voluntarily for all public issues opening on or after September 1, 2023 and is mandatory for all public issues opening on or after December 1, 2023 as per the SEBI Circular No. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023. In this phase, the time duration from public issue closure to listing is reduced to three Working Days. The Offer is to be undertaken pursuant to the processes and procedures as notified in the T+3 Circular as applicable, subject to any circulars, clarification or notification issued by SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circulars include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day from the date on which the Basis of Allotment is finalized. Failure to unblock the accounts within the timeline would result in the SCSBs being penalized under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post-Issue BRLM will be required to compensate the concerned investor.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI.

Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the UPI Bidders using the UPI.

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2021/570 dated June 2, 2021 read with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 NPCI vide circular reference no. NPCI/UPI/OC No. 127/ 2021-22 dated December 09, 2021, inter alia, has enhanced the per transaction limit in UPI from more than ₹0.20 million to ₹0.50 million for UPI based ASBA in initial public offerings

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLM.

Electronic registration of Bids

- a) The Designated Intermediary may register the Bids using the online facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the online facilities for the Book Building process on a regular basis before the closure of the Issue.
- b) On the Bid / Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

- c) Only Bids that are uploaded on the Stock Exchanges' platform are considered for allocation / Allotment. The Designated Intermediaries are given till 5:00 pm on the Bid / Issue Closing Date to modify select fields uploaded in the Stock Exchanges' platform during the Bid / Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the Abridged Prospectus will be available with the Designated Intermediaries at relevant Bidding Centers and at our Registered. An electronic copy of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid / Issue Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLM.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Issue.

Anchor Investors are not permitted to participate in this Issue through the ASBA process.

Bidders (other than Anchor Investors and UPI Bidders Bidding using the UPI Mechanism) must provide bank account details authorization by the ASBA account holder to block funds in their respective ASBA accounts in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected.

Retail Individual Bidders submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to Bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Bids submitted by Retail Individual Bidders with any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. UPI Bidders Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Further, ASBA Bidders shall ensure that the Bids are submitted at the Bidding Centres only on ASBA Forms bearing the stamp of a Designated Intermediary (except in case of electronic ASBA Forms) and ASBA Forms not bearing such specified stamp maybe liable for rejection. Bidders using the ASBA process to participate in the Issue must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked therein. In order to ensure timely information to investors SCSBs are required to send SMS alerts to investors intimating them about the Bid Amounts blocked / unblocked.

Since the Issue is made under Phase III, ASBA Bidders may submit the ASBA Form in the manner below:

- (i) RIBs and NIBs (other than NIBs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (ii) UPI Bidders may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- (iii) QIBs and NIBs (not using the UPI Mechanism) may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

- (iv) ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB or the Sponsor Bank(s), as applicable, at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked / unblocked including details as prescribed in Annexure II of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB or the Sponsor Bank(s), as applicable, at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked / unblocked.

For all IPOs opening on or after September 1, 2022, as specified in SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, all the ASBA applications in Public Issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular shall be applicable for all categories of investors viz. Retail, QIB and NIB and also for all modes through which the applications are processed.

Non-Institutional Bidders bidding through UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form. UPI Bidders Bidding using the UPI Mechanism.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions	[●]
Anchor Investors	[●]

**Excluding electronic Bid cum Application Forms*

Notes:

(1) Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and www.bse.com).

(2) Bid cum Application Forms for Anchor Investors will be made available at the offices of the BRLM.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details in the electronic bidding system of the Stock Exchanges. Designated Intermediaries (other than SCSBs) shall submit / deliver the ASBA Forms (except Bid cum Application Forms submitted by UPI Bidders Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non SCSB bank or any Escrow Collection Bank(s). For UPI Bidders using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate a UPI Mandate Request to such UPI Bidders for blocking of funds. The Sponsor Bank(s) shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and

the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e., the Sponsor Bank(s), NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions / investor complaints to the Sponsor Bank(s) and the issuer bank. The Sponsor Bank(s) and the Bankers to the Issue shall provide the audit trail to the BRLM for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/Issue Closing Date (“**Cut-Off Time**”). Accordingly, UPI Bidders should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

The Sponsor Bank(s) will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank(s) will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLM in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank(s) and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank(s) on a continuous basis.

The Sponsor Bank(s) shall host a web portal for intermediaries (closed user group) from the date of Bid / Issue Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks / unblocks, performance of apps and UPI handles, down-time / network latency (if any) across intermediaries and any such processes having an impact / bearing on the Issue Bidding process.

Participation by Promoters, Promoter Group, the BRLM, associates and affiliates of the BRLM and the Syndicate Members and the persons related to Promoters, Promoter Group, BRLM and the Syndicate Members and Bids by Anchor Investors The BRLM and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLM and the Syndicate Members may purchase Equity Shares in the Issue, either in the QIB Portion or in the Non-Institutional Category as may be applicable to such Bidders, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices sponsored by entities which are associates of the BRLM or insurance companies promoted by entities which are associates of the BRLM, no BRLM or their respective associates can apply in the Issue under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an “associate of the Book Running Lead Manager” if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLM.

Further, the Promoters and members of the Promoter Group shall not participate by applying for Equity Shares in the Issue, except in accordance with the applicable law. Furthermore, persons related to the Promoters and the Promoter Group shall not apply in the Issue under the Anchor Investor

Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders' agreement or voting agreement entered into with any of the Promoters or members of the Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoters or Promoter Group of our Company.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, the Company in consultation with BRLM reserves the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis shall materialise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident External Accounts ("**NRE Account**"), or Foreign Currency Non-Resident Accounts ("**FCNR Account**"), and Eligible NRIs bidding on a non-repatriation basis shall materialise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. NRIs applying in the Issue through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Participation of Eligible NRIs in the Issue shall be subject to the FEMA regulations. NRIs applying in the Issue through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

In accordance with the FEMA Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

Eligible NRIs will be permitted to apply in the Issue through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Issue, provided the UPI facility is enabled for their NRE / NRO accounts.

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non Residents ([●] in colour). Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). By way of Press Note 1 (2021 Series) dated March 19, 2021, issued by the DPIIT, it has been clarified that an investment made by an Indian entity which is owned and controlled by NRIs on a non-repatriation basis, shall not be considered for calculation of indirect foreign investment.

For details of restrictions on investment by NRIs, see “Restrictions on Foreign Ownership of Indian Securities” on page 427.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form / Application Form as follows: “Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids by HUFs will be considered at par with Bids from individuals.

Bids by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control)) shall be below 10% of our post-Issue Equity Share capital on a fully diluted basis. In case the total holding of an FPI or investor group increase beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company in consultation with BRLM, reserve the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time dematerialisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Issue to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

- (a) such offshore derivative instruments are issued only by persons registered as Category I FPIs;
- (b) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPI

- (c) such offshore derivative instruments are issued after compliance with the ‘know your client’ norms as specified by SEBI; and
- (d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Participation of FPIs in the Issue shall be subject to the FEMA Rules. The FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for non-residents.

Further, Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI FPI Regulations (such structure “**MIM Structure**”) provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. Bids by FPIs shall not be treated as multiple Bids, in the following cases:

- FPIs dematerialize the MIM Structure;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level / sub fund level where a collective investment scheme or fund has multiple investment strategies / sub-funds with identifiable differences and managed by a single investment manager.
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).

In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended (the “**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs. Post the repeal of the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, venture capital funds which have not re-registered as AIFs under the SEBI AIF Regulations shall continue to be regulated by the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 until the existing fund or scheme managed by the fund is wound up

and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended (“**SEBI FVCI Regulations**”) prescribe the investment restrictions on FVCIs.

The Category I and II AIFs cannot invest more than 25% of their investible funds in one investee company. A Category III AIF cannot invest more than 10% of its investible funds in one investee company. A VCF registered as a Category I AIF, cannot invest more than one-third of its investible funds, in the aggregate, in certain specified instruments, including by way of subscription to an initial public offering of a venture capital undertaking. An FVCI can invest only up to 33.33% of its investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering of a venture capital undertaking or an investee company (as defined under the SEBI AIF Regulations) whose shares are proposed to be listed.

Participation of AIFs, VCFs and FVCIs shall be subject to the FEMA Rules.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders will be treated on the same basis with other categories for the purpose of allocation.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company in consultation with BRLM, reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company’s investment committee is required to be attached to the Bid cum Application Form, failing which our Company in consultation with BRLM, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the “Banking Regulation Act”), and Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank’s own paid-up share capital and reserves, as per the last audited balance sheet or a subsequent balance sheet, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and nonfinancial services cannot exceed 20% of the bank’s paid-up share capital and reserves. A banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if: (a) the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the bank’s interest on loans / investments made to a company, provided that the bank is required to submit a time-bound action plan for disposal of such shares (in this sub-clause (b)) within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services

company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

Bids by SCSBs

SCSBs participating in the Issue are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, the Company in consultation with BRLM, reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDA Investment Regulations**"), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form. Failing this, our Company in consultation with BRLM, reserve the right to reject any Bid, without assigning any reason thereof.

NBFC-SI participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC-SI shall be as prescribed by RBI from time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the BRLM, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company in consultation with the BRLM, may deem fit.

Bids by provident funds / pension funds

In case of Bids made by provident funds / pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be attached to the Bid cum Application Form. Failing this, our Company in consultation with BRLM reserve the right to reject any Bid, without assigning any reason therefor.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

- (a) Anchor Investor Application Forms to be made available for the Anchor Investor Portion at the offices of the BRLM.
- (b) The Bids are required to be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.
- (c) One-third of the Anchor Investor Portion is reserved for allocation to domestic Mutual Funds.
- (d) Bidding for Anchor Investors will open one Working Day before the Bid / Issue Opening Date, and will be completed on the same day.
- (e) Our Company in consultation with the BRLM will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion is not less than:
 - maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million;
 - minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and
 - in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹50 million per Anchor Investor.
- (f) Allocation to Anchor Investors is required to be completed on the Anchor Investor Bid / Issue Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made, is required to be made available in the public domain by the BRLM before the Bid / Issue Opening Date, through intimation to the Stock Exchanges.
- (g) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- (h) If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price will be payable by the Anchor Investors on the Anchor Investor Pay-In Date specified in the CAN. If the Issue Price is

lower than the Anchor Investor Issue Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price shall still be the Anchor Investor Issue Price.

- (i) 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.
- (j) Neither the BRLM nor any associate of the BRLM (except Mutual Funds sponsored by entities which are associates of the BRLM or insurance companies promoted by entities which are associate of BRLM or AIFs sponsored by the entities which are associate of the BRLM or FPIs, other than individuals, corporate bodies and family offices sponsored by the entities which are associate of the and BRLM) can apply in the Issue under the Anchor Investor Portion.
- (k) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered as multiple Bids

The above information is given for the benefit of the Bidders. Our Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus, when filed. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation and as specified in the Draft Red Herring Prospectus, when filed.

In accordance with RBI regulations, OCBs cannot participate in the Issue.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated / Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he / she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of the English national newspaper, [●] editions of the Hindi national newspaper and [●] editions of the Marathi regional newspaper (Marathi being the regional language

of Maharashtra where our Registered Office is located). Our Company shall, in the pre- Issue advertisement state the Bid / Issue Opening Date, the Bid / Issue Closing Date and the QIB Bid / Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company intend to enter into an Underwriting Agreement with the Underwriters on or after the determination of the Issue Price but before filing of RHP with the RoC. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise or withdraw their Bid(s) until the Bid / Issue Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

Do's:

1. Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than UPI Bidders Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. UPI Bidders using the UPI Mechanism must mention their correct UPI ID and shall use only his / her own bank account which is linked to such UPI ID;
4. UPI Bidders Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;
5. UPI Bidders Bidding using the UPI Mechanism shall make Bids only through the SCSBs, mobile applications and UPI handles whose name appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. UPI Bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on the SEBI website is liable to be rejected;
6. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
7. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialized form only;

8. Ensure that your PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press releases dated June 25, 2021 and September 17, 2021;
9. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. UPI Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate, Sub-Syndicate Members, Registered Brokers, RTA or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary;
10. In case of joint Bids, ensure that First Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the First Bidder is included in the Bid cum Application Form;
11. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be). Bidders (except UPI Bidders) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form. UPI Bidders should ensure that they have mentioned the correct UPI-linked bank account number and their correct UPI ID in the Bid cum Application Form;;
12. Ensure that they have correctly signed the authorisation / undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank(s), as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Issue through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank(s) for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
13. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
14. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;
15. Ensure that the name(s) given in the Bid cum Application Form is / are exactly the same as the name(s) in which the beneficiary account is held with the Collecting Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
16. Bidders should ensure that they receive the Acknowledgment Slip or the acknowledgement number duly signed and stamped by a Designated Intermediary, as applicable, for submission of the Bid cum Application Form;
17. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
18. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
19. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying

their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral / bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

20. Ensure that the Demographic Details are updated, true and correct in all respects;
21. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
22. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
23. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;
24. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
25. UPI Bidders Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank(s) authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;
26. Note that in case the DP ID, UPI ID (where applicable), Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, UPI ID (where applicable), Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;
27. However, Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs.
28. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;
29. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);

30. In case of QIBs and NIBs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
31. Ensure that you have correctly signed the authorization / undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank(s), as applicable via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
32. UPI Bidders Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his / her UPI PIN. Upon the authorization of the mandate using his / her UPI PIN, the Retail Individual Bidder shall be deemed to have verified the attachment containing the application details of the Retail Individual Bidder Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank(s) to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in his / her ASBA Account;
33. UPI Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the First Bidder (in case of joint account) in the Bid cum Application Form;
34. UPI Bidders Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in his / her account and subsequent debit of funds in case of allotment in a timely manner;
35. UPI Bidders who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which UPI Bidders should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank(s) to authorise blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;
36. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLM.
37. Ensure that ASBA bidders shall ensure that bids above ₹500,000, are uploaded only by the SCSBs;
38. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank(s) prior to 05:00 p.m. on the Bid / Issue Closing Date.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid / revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by RIBs)

4. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
5. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
6. Do not send Bid cum Application Forms by post, instead submit the same to the Designated Intermediary only;
7. Bids by HUFs not mentioned correctly as provided in “- Bids by HUFs”
8. Anchor Investors should not Bid through the ASBA process;
9. Do not submit the ASBA Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centers;
10. Do not submit the ASBA Forms to any Designated Intermediary that is authorised to collect the relevant ASBA Forms or to our Company;
11. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
12. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
13. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue / Issue size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Draft Red Herring Prospectus;
14. Do not submit your Bid after 3.00 pm on the Bid / Issue Closing Date;
15. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid / Issue Closing Date;
16. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
17. If you are a UPI Bidders using UPI Mechanism, do not submit more than one Bid cum Application Form for each UPI ID;
18. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹ 5,00,000;
19. Do not submit the General Index Register (GIR) number instead of the PAN;
20. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
21. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of UPI Bidders Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;
22. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids until the Bid / Issue Closing Date;

23. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
24. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism;
25. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
26. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
27. Do not submit more than one Bid cum Application Form per ASBA Account. If you are a UPI Bidder Bidding using the UPI Mechanism, do not submit Bids through an SCSB and/or mobile application and/or UPI handle that is not listed on the website of SEBI;
28. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;
29. Do not Bid for Equity Shares more than specified by respective Stock Exchanges for each category;
30. Do not submit the Bid cum Application Form to any non-SCSB Bank or our Company;
31. Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by UPI Bidders using the UPI Mechanism); and
32. Do not Bid if you are an OCB.
33. In case of ASBA Bidders (other than 3-in-1 Bids), Syndicate Members shall ensure that they do not upload any bids above ₹ 0.50 million;
34. Do not submit ASBA Forms to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>).

For helpline details of the Book Running Lead Manager pursuant to the SEBI circular bearing reference number SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, see “*General Information – Book Running Lead Manager*” on page 91.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids could be rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;
4. Bids submitted by UPI Bidders using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by UPI Bidders using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank(s));
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. ASBA Form by the RIBs by using third party bank accounts or using third party linked bank account UPI IDs;
10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are “suspended for credit” in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
11. GIR number furnished instead of PAN;
12. Bids by RIBs with Bid Amount of a value of more than ₹200,000 (net of retail discount);
13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
14. Bids accompanied by stock invest, money order, postal order or cash; and
15. Bids uploaded by QIBs after 4.00 p.m. on the QIB Bid / Issue Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid / Issue Closing Date (other than UPI Bidders), and Bids by UPI Bidders uploaded after 5.00 p.m. on the Bid / Issue Closing Date, unless extended by the Stock Exchanges.

In case of any pre-Issue or post Issue related issues regarding demat credit / refund orders / unblocking, etc., investors shall reach out to the Company Secretary and Compliance Officer, and the Registrar. For details of the Company Secretary and Compliance Officer and the Registrar, see “*General Information*” on page 91.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding two Working Days from the Bid / Issue Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, in case of delays in resolving investor grievances in relation to blocking / unblocking of funds.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLM and the Registrar, shall ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any Allotment in excess of the Equity Shares offered through the Issue through the Issue document except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an Allotment of not more than 1% of the Issue to public may be made for the purpose of making Allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the Retail Individual Bidders, Non-Institutional Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to the availability of Equity Shares in Retail Individual Bidder category, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis.

The allotment to each Non-Institutional Bidder shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in this regard mentioned in SEBI ICDR Regulations.

Payment into Escrow Account(s) for Anchor Investors

Our Company, in consultation with the BRLM, in their absolute discretion, will decide the list of Anchor Investors to whom the Allotment Advice will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Issue through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, NACH or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow

Accounts should be drawn in favof:

- (i) In case of resident Anchor Investors: “[●]”
- (ii) In case of non-resident Anchor Investors: “[●]”

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Bankers to the Issue and the Registrar to the Issue to facilitate collections from Anchor Investors.

Allotment Advertisement

Our Company, the BRLM and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Marathi newspaper (Marathi being the regional language of Maharashtra, where our Registered Office is located).

Depository Arrangements

The Allotment of the Equity Shares in the Issue shall be only dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- Tripartite agreement dated August 14, 2012 amongst our Company, NSDL and the Registrar to the Issue.
- Tripartite agreement dated October 27, 2023 amongst our Company, CDSL and the Registrar to the Issue.

Undertakings by our Company

Our Company undertakes the following:

- (i) that the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- (ii) that if the Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded / unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;
- (iii) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within
- (iv) such period as may be prescribed under applicable law;
- (v) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- (vi) where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- (vii) that if our Company does not proceed with the Issue after the Bid / Issue Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid / Issue Closing Date. The public notice shall be issued in the same newspapers where the pre- Issue advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- (viii) that if our Company in consultation with the BRLM, withdraws the Issue after the Bid / Issue Closing Date, our Company shall be required to file a fresh draft offer document with SEBI, in the event our Company subsequently decide to proceed with the Issue thereafter;
- (ix) that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors; and
- (x) that except for any allotment of Equity Shares pursuant to the Pre-IPO Placement, no further issue of Equity Shares shall be made until the Equity Shares issued or offered through the Draft

Red Herring Prospectus are listed or until the Bid monies are refunded / unblocked in the ASBA Accounts on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

Our Board certifies that:

- all monies received out of the Issue shall be credited / transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act;
- details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below: *“Any person who – (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”* The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹1.00 million or one per cent of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5.00 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements of foreign direct investment (“**FDI**”) through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (“**DPIIT**”), issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”) which, with effect from October 15, 2020, subsumes and supersedes all press notes, press releases, clarifications, circulars issued by the DPIIT, which were in force as on October 15, 2020. The FDI Policy will be valid and remain in force until superseded in totality or in part thereof.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per FDI Policy, FDI in companies engaged in the manufacturing which is the sector in which our Company operates, is permitted up to 100% of the equity share capital under automatic route.

All investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see “**Issue Procedure – Bids by Eligible Non-Resident Indians**” and “**Issue Procedure – Bids by Foreign Portfolio Investors**” on pages 410 and 411, respectively.

As per the existing policy of the Government of India, OCBs could not participate in this Issue.

For further details, see “**Issue Procedure**” beginning on page 403 of this Draft Red Herring Prospectus.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as “QIBs”) pursuant to Section 4(a) of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in compliance with Regulation S

under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the Book Running Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

COMPANY LIMITED BY SHARES ¹ARTICLES OF ASSOCIATION OF DIFFUSION ENGINEERS LIMITED

The regulations contained in Table 'F' of the First Schedule to the Companies Act, 2013 shall not apply to the Company, except in so far as they are embodied in the following Articles, which shall be regulations for the management of the Company.

1. Interpretations:

- 1.1 In the interpretation of these Articles, the following words and expressions shall have the meanings assigned hereunder, unless repugnant to the subject matter or context thereof:

Act	Means the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force and Companies Act, 1956 (to the extent not repealed/ not replaced by the Companies Act, 2013), as applicable.
Articles or these Articles	Means the articles of association of the Company, as amended from time to time.
Annual General Meeting	Means a general meeting of the members held in accordance with the provisions of Section 96 of the Act or any adjourned meeting thereof.
Auditors	Means and include those persons appointed as such for the time being by the Company or, where so permitted by Applicable Law, by its Board
Applicable Law	Means the Act, and as appropriate, includes any statute, law, listing agreement, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications or other governmental instruction or any similar form of decision of, or determination by, or any interpretation or administration having the force of law of any of the foregoing, by any governmental authority having jurisdiction over the matter in question, or mandatory standards as may be applicable from time to time.
Beneficial Owner	Means and include beneficial owner as defined in clause (a) sub-Section (1) of Section 2 of the Depositories Act, 1996.
Board Meeting	Means a meeting of the Directors or a committee thereof, duly called and constituted.
Board or Board of Directors or the Board	Means the board of Directors for the time being of the Company

¹ Adopted new set of Articles of Association of the Company vide Special Resolutions passed in Extraordinary General Meeting held on November 18, 2023.

Chairperson	Shall mean the Person who acts as a chairperson of the Board of the Company
Committee	Means any committee of the Board of Directors of the Company formed as per the requirements of Act or for any other purpose as the Board may deem fit
Company or This Company	Means Diffusion Engineers Limited
Chief Executive Officer	Means an officer of a Company, who has been designated as such by the Company
Chief Financial Officer	Means a person appointed as the Chief Financial Officer of a Company
Company Secretary or Secretary	Means a company secretary as defined in clause (c) of sub-Section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) who is appointed by the Company to perform the functions of a company secretary under the Act
Debenture	Includes debenture-stock, bonds and any other debt securities of the Company, whether constituting a charge on the assets of the Company or not.
Depositories Act	Shall mean the Depositories Act, 1996 and includes any statutory modification or enactment thereof
Depository	Shall mean a Depository as defined in clause (e) sub-section (1) of section 2 of the Depositories Act, 1996 and includes a company formed and registered under the Companies Act, 1956 which has been granted a certificate of registration under sub-Section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.
Director	Means a director of the Company for the time being, appointed as such.
Dividend	Includes interim dividend.
Extraordinary General Meeting	Means an extraordinary general meeting of the Members duly called and constituted and any adjourned meeting thereof.
Financial Year	Means the same as in Section 2(41) of the Act
Free Reserves	Means such reserves which, as per the latest audited balance sheet of a company, are available for distribution as Dividend: Provided that— (i) any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or (ii) any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves
In writing or written	Means and include printing, typing, lithographing, computer mode and other modes of reproducing words in visible form
Independent Director	Means a Director fulfilling the criteria of independence and duly appointed as per Applicable Law.

Key Managerial Personnel	Means such persons as defined in Section 2(51) of Act
Managing Director	Means a Director who, by virtue of the Articles of the Company or an agreement with the Company or a resolution passed in its General Meeting, or by its Board of Directors, is entrusted with substantial powers of management of the affairs of the company and includes a Director occupying the position of managing Director, by whatever name called.
General Meeting	Means a meeting of Members of the Company.
Members	Member in relation to the Company, means- (a) the subscribers to the Memorandum of Association of the Company who shall be deemed to have agreed to become members of the company, and on its registration, shall be entered as member in its register of members, (b) every other person who agrees in writing to become a member of the Company and whose name is entered in the register of members of the Company; (c) every person holding shares in the Company and whose name is entered in as a Beneficial Owner in the records of a Depository.
Memorandum or Memorandum of Association	Means the memorandum of association of the Company, as amended from time to time.
Month	Means a calendar month
Ordinary Resolution	Means a resolution referred to in Section 114 of the Act.
Persons	Includes any artificial juridical person, corporations or such other entities as are entitled to hold property in their own name.
Postal Ballot	Means voting by post through postal papers distributed amongst eligible voters and shall include voting by electronic mode or any other mode as permitted under Applicable Law
Register of Beneficial Owners	Means the register of members in case of shares held with a Depository in any media as may be permitted by law, including in any form of electronic mode
Register of Members	Means the register of Members, including any foreign register which the Company may maintain pursuant to the Act and includes Register of Beneficial Owners.
Registrar	Means the Registrar of Companies of the state in which the Registered Office of the Company is for the time being situated
Seal	Means the common seal, if any, adopted for the time being of the Company
Section	Means the relevant section of the Act; and shall, in case of any modification or re-enactment of the Act shall be deemed to refer to any corresponding provision of the Act as so modified or reenacted.
Securities	Means Shares, Debentures and/or such other securities as may be treated as securities under Applicable Law.

Shares	Means the shares into which the Share Capital of the Company is divided.
Share Capital or Capital	Means the share capital for the time being raised or authorized to be raised, for the purpose of the Company
Special Resolution	Means a resolution referred to in Section 114 of the Act.
These Presents	Means the Memorandum of Association and the Articles of Association of the Company.
Tribunal	Means the National Company Law Tribunal constituted under section 408 of the Act
Voting Right	Means the right of a Member of a Company to vote in any meeting of the Company
Written” or “in writing	means and includes the word printed, lithographed, represented in or reproduced in any mode in a visible form
Year	Means the Financial Year of the Company

- 1.2 Public Limited Company: means as Company which – a. is not a private company
b. has a minimum paid up share capital, as may be prescribed:

Provided that a company which is a subsidiary of a company, not being a private company, shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles. 1.3 Expressions not specifically defined in these Articles shall bear the same meaning as assigned to the them in the Ac

1.4 In the interpretation of these Articles,

- (a) any reference to the singular shall include the plural and vice-versa; and
- (b) any references to the masculine, the feminine and the neuter shall include each other.

1.5 The marginal notes hereto shall not affect the construction of these Articles.

SHARE CAPITAL, INCREASE AND REDUCTION OF CAPITAL

Amount of Capital

2. The Authorized Share Capital of the Company shall be such as may be specified from time to time in Clause V of the Memorandum of Association, with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes as permissible in Applicable Law and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by the Board, and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions.

Increase of Capital by the Company

3. Subject to Applicable Law, the Board may, from time to time, increase the paid-up Share Capital by creation of new Shares. Such increase shall be of such aggregate amount and to be divided into such

Shares of such respective amounts, as the resolution of the Board shall prescribe. Subject to the provisions of the Act, any Shares of the original or increased Share Capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the Board shall determine, and in particular, such Shares may be issued with a preferential or qualified right to dividends, or otherwise, or with a right to participate in some profits or assets of the Company, or with such differential or qualified right of voting at General Meetings of the Company, as permitted in terms of Section 47 of the Act or other Applicable Law.

New Capital part of the existing Capital

4. Except in so far as otherwise provided in the conditions of issue of Shares, any Capital raised by the creation of new Shares shall be considered as part of the existing Capital, and shall be subject to provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Issue of redeemable preference shares

5. Subject to the provisions of Section 55 of the Act and these Articles, the Company shall have the power to issue redeemable preference Shares liable to be redeemed at the option of the Company and the resolution authorizing such issues shall prescribe the manners, terms and conditions of redemption.

Provisions applicable to any other Securities

6. The Board shall be entitled to issue, from time to time, subject to Applicable Law, any other Securities, including Securities convertible into Shares, exchangeable into Shares, or carrying a warrant, with or without any attached Securities, carrying such terms as to coupon, returns, repayment, servicing, as may be decided by the terms of such issue. Such Securities may be issued at premium or discount, and redeemed at premium or discount, as may be determined by the terms of the issuance: Provided that the Company shall not issue any Shares or Securities convertible into Shares at a discount.

Reduction of Capital

7. The Company may, subject to the provisions of Section 66 of the Act or any other Applicable Law for the time being in force, by way of Special Resolution reduce its Share Capital, any capital redemption reserve account or share premium account in any manner for the time being authorized by law.

Sub-division, consolidation and cancellation of Shares

8. Subject to the provisions of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its Shares, or any of them, and the resolution where by any share is sub-divided, may determine that, as between the holders of the shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend or otherwise over or as compared with the others. Subject as aforesaid the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Variation of rights

9. Whenever the Share Capital is divided into different types or classes of shares, all or any of the rights and privileges attached to each type or class may, subject to the provisions of Sections 48 of the Act, be varied with the consent in writing by holders of at least three-fourths of the issued Shares of the class or is confirmed by a Special Resolution passed at a separate Meeting of the holders of Shares of that class and

all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such class Meeting.

Further issue of Capital

10. Where at any time it is proposed to increase the subscribed Capital of the Company by allotment of further Shares, then:
 - 10.1. Such further Shares shall be offered to the persons who on the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the Capital paid-up on those shares at the date.
 - 10.2. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
 - 10.3. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favor of any other person and the notice referred to in Article 10.2 hereof shall contain a statement of this right.
 - 10.4. After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the interest of the Company.
11. Notwithstanding anything contained in the Article 10, the further Shares aforesaid may be offered in any manner whatsoever, to:
 - 11.1. employees under a scheme of employees' stock option scheme;
 - 11.2. to any persons on private placement or on preferential basis, whether or not those persons include the persons referred to Article 10, either for cash or for a consideration other than cash, if so decided by a Special Resolution, as per Applicable Law.;
12. Nothing contained in these Articles shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debenture issued or loan raised by the Company to convert such Debentures or loans into Shares in the Company:

Provided that the terms of issue of such Debentures or the terms of such loans containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in general meeting.

Shares at the disposal of the Directors

13. Subject to the Applicable Law, the Securities of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think

fit, and may issue and allot Shares in the Capital of the Company or other Securities on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

Power to issue Shares outside India

14. Pursuant to the provisions of Applicable Law and subject to such approvals, permissions and sanctions as may be necessary from the Government of India, Reserve Bank of India and/or any other authorities or institutions as may be relevant (hereinafter collectively referred to as “**Appropriate Authorities**”) and subject to such terms and conditions or such modifications thereto as may be prescribed by them in granting such approvals, permissions and sanctions, the Company will be entitled to issue and allot in the international capital markets, Equity Shares and/or any instruments or securities (including Global Depository Receipts) representing Equity Shares, any such instruments or securities being either with or without detachable Warrants attached thereto entitling the Warrant holder to Equity Shares/instruments or Securities (including Global Depository Receipts) representing Equity Shares, (hereinafter collectively referred to as “the Securities”) to be subscribed to in foreign currency / currencies by foreign investors(whether individuals and/or bodies corporate and/or institutions and whether shareholders of the Company or not) for an amount, inclusive of such premium as may be determined by the Board. Such issue and allotment to be made on such occasion or occasions, at such value or values, or at a premium and in such form and in manner and on such terms and conditions or such modifications thereto as the Board may determine in consultation with Lead Manager and/or Underwriters and/or Legal or other Advisors, or as may be prescribed by the Appropriate Authorities while granting their approvals, permissions and sanctions as aforesaid which the Board be and is hereby authorized to accept at its sole discretion. The provisions of this Article shall extend to allow the Board to issue such foreign Securities, in such manner as may be permitted by Applicable Law.

Acceptance of Shares

15. Any application signed by or on behalf of an applicant, for Shares in the Company, followed by an allotment of any Share shall be an acceptance of shares within the meaning of these Articles and every person who, does or otherwise accepts Shares and whose name is on the Register of Members shall for the purpose of these Articles, be a member.

Deposit and call to be a debt payable immediately

16. The money (if any) which the Board shall, on the allotment of any Share being made by them require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Members

17. Every member, or his heirs, executors or administrators shall pay to the Company the portion of the Capital represented by his Share(s) which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company’s regulations, require or fix for the payment thereof.

Shares not to be held in trust

18. Except as required by law, no person shall be recognized by the Company as holding any Share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

The first named joint holder deemed to be sole holder

19. If any Share stands in the names of two or more persons, the person first named in the register shall, as regards receipt of dividends or bonus or service of notice and all or any earlier matter connected with the Company, except voting at meetings, be deemed the sole holder thereof, but the joint holders of a Share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such Shares for all incidents thereof according to the Company's regulations.

Register of Members and index

20. The Company shall maintain a Register of Members and index in accordance with Section 88 of the Act. The details of shares held in physical or dematerialized forms may be maintained in a media as may be permitted by law including in any form of electronic media.
21. A member, or other Security holder or Beneficial Owner may make inspection of Register of Members and annual return. Any person other than the Member or Debenture holder or Beneficial Owner of the Company shall be allowed to make inspection of the Register of Members and annual return on payment of Rs. 50 or such higher amount as permitted by Applicable Law as the Board may determine, for each inspection. Inspection may be made during business hours of the Company during such time, not being less than 2 hours on any day, as may be fixed by the Company Secretary from time to time.
22. Such person, as referred to in Article 21 above, may be allowed to make copies of the Register of Members or any other register maintained by the Company and annual return, and require a copy of any specific extract therein, on payment of Rs. 10 for each page, or such higher amount as permitted under Applicable Law.

Foreign Registers

23. The Company may also keep a foreign register in accordance with Section 88 of the Act containing the names and particulars of the Members, Debenture holders, other Security holders or Beneficial Owners residing outside India; and the Board may (subject to the provisions of aforesaid Section) make and vary such regulations as it may think fit with respect to any such register.

SHARES CERTIFICATES

Share certificate to be numbered progressively and no Share to be subdivided

24. The shares certificates shall be numbered progressively according to their several denominations specify the shares to which it relates and bear the Seal, if any, of the Company and except in the manner hereinbefore mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share certificate shall continue to bear the number by which the same was originally distinguished.

Provided however that the provision relating to progressive or distinctive numbering of shares shall not apply to the shares of the Company which are dematerialized or may be dematerialized in future or issued in future in dematerialized form.

Limitation of time for issue of certificates

25. Every Member, other than a Beneficial Owner, shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates each for one or more of such Shares and the Company shall complete and have ready for delivery of such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of Shares shall be under the Seal, if any, of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Directors may prescribe and approve, provided that in respect of a Share(s) held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

Issue of new certificate in place of one defaced, lost or destroyed

26. If any certificate be worn out, defaced, mutilated, old/ or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation then upon production and surrender such certificate to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence produced as the Board deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under this Article shall be issued in case of splitting or consolidation of Share certificate(s) or in replacement of Share certificate(s) that are defaced, mutilated, torn or old, decrepit or worn out without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50 for each certificate) as the Directors shall prescribe.

Further, no duplicate certificate shall be issued in lieu of those that are lost or destroyed, without the prior consent of the Board and only on furnishing of such supporting evidence and/or indemnity as the Board may require, and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence produced, without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50 for each certificate) as the Directors shall prescribe.

Provided that notwithstanding what is stated above the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under Securities Contracts (Regulation) Act, 1956, as amended or any other Act, or rules applicable thereof in this behalf; Provided further that the Company shall comply with the provisions of Section 46 of the Act and other Applicable Law, in respect of issue of duplicate Share certificates.

27. The provision of this Article shall *mutatis mutandis* apply to issue of certificates of Debentures of the Company

BUY BACK OF SECURITIES BY THE COMPANY

28. Notwithstanding anything contained in these Articles but subject to the provisions of the Act and other Applicable Law as prescribed by Securities and Exchange Board of India (SEBI) or any other authority for the time being in force, the Company may purchase its own Shares or other specified Securities. The power conferred herein may be exercised by the Board, at any time and from time to time, where and to the extent permitted by Applicable Law, and shall be subject to such rules, applicable consent or approval as required.

UNDERWRITING AND BROKERAGE

Commission may be paid

29. Subject to the provisions of the Act and other Applicable Law, and subject to the applicable SEBI guidelines and subject to the terms of issue of the Shares or Debentures or any Securities, as defined in the Securities Contract (Regulations) Act, 1956, the Company may, at any time pay a commission out of proceeds of the issue or profit or both to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in or Debentures of the Company, or underwriting or procuring or agreeing to procure subscriptions (whether absolute or conditional) for Shares, Debentures or of the Company but so that the commission shall not exceed in the case of shares, five per cent of the price at which the Shares are issued, and in the case of Debentures, two and a half per cent of the price at which the Debentures are issued or at such rates as may be fixed by the Board within the overall limit prescribed under the Act or Securities and Exchange Board of India Act, 1992. Such commission may be satisfied by payment in cash or by allotment of fully or partly paid Shares, Securities or Debentures or partly in one way and partly in the other.

Brokerage

30. The Company may, subject to Applicable Law, pay a reasonable and lawful sum for brokerage to any person for subscribing or procuring subscription for any Securities, at such rate as approved by the Directors.

CALL ON SHARES

Directors may make calls

31. The Board of Directors may, from time to time and subject to the terms on which Shares have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, or otherwise as permitted by Applicable Law make such call as it thinks fit upon the Members in respect of all moneys unpaid on the Shares held by them respectively, and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board of Directors. A call may be made payable in instalments.

Notice of calls

32. Each Member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares.
33. A call may be revoked or postponed at the discretion of the Board.

Calls to date from resolution

34. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed as provided herein and may be required to be paid by instalments.

Directors may extend time

35. The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, but no member shall be entitled to such extension save as a member of grace and favor.

Calls to carry interest

36. If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such percentage as the Board of Directors may determine. Nothing in this Article shall render it obligatory for the Board of Directors to demand or recover any interest from any such member.
37. The Board shall be at liberty to waive payment of any such interest wholly or in part.

Sums deemed to be calls

38. Any sum, which may by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable, on the date on which by the terms of issue the same becomes payable and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

Proof on trial of suit for money due on Shares

39. At the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the Member, in respect of whose Shares, the money is sought to be recovered appears entered on the Register of Members as the holder, at or subsequently to the date at which the money is sought to be recovered, is alleged to have become due on the Shares in respect of such money is sought to be recovered, that the resolution making the call is duly recorded in the Minutes Book, and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made nor that the meeting at which any call was made duly convened or constituted nor any other matters whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

Partial payment not to preclude forfeiture

40. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member to the Company in respect of his Shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

Payment in anticipation of call may carry interest

41. The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or Dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
42. The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debenture or other Securities of the Company.

LIEN

Company to have lien on Shares

43. The Company shall have a first and paramount lien upon all the Shares/ Debentures/Securities (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof, for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/ Debentures/Securities and no equitable interest in any Shares shall be created except upon the footing, and upon the condition that this Article will have full effect and any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares/Debentures/Securities:

Provided that, fully paid shares shall be free from all lien and that in case of partly paid shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

As to enforcing lien by sale

44. For the purpose of enforcing such lien, the Board may sell the Shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares and may authorize one of their number to execute a transfer thereof on behalf of and in the name of such member. The purchaser of such transferred Shares shall be registered as the holder of the Shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
45. No sale shall be made unless a sum in respect of which the lien exists is presently payable or until the expiration of fourteen days after a notice in writing of the intention to sell shall have been served on such Member or his representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

Application of proceeds of sale

46. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if

any, shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the persons entitled to the Shares at the date of the sale.

FORFEITURE OF SHARE

If call or installment not paid notice may be given

47. If any member fails to pay any call or installment on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or installment remains unpaid, serve notice on such Member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Form of notice

48. The notice shall:

- 48.1. name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- 48.2. shall detail the amount which is due and payable on the Shares and shall state that in the event of non-payment at or before the time appointed, the Shares will be liable to be forfeited.

If notice not complied with, Shares may be forfeited

49. If the requisitions of any such notice as aforesaid be not complied with, any Shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Shares and not actually paid before the forfeiture.

Notice of forfeiture to a Member

50. When any Shares shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated, by any omission to give such notice or to make any such entry as aforesaid.

Forfeited Share to become property of the Company

51. Any Share so forfeited shall be deemed to be the property of the Company, and the Board may sell, re-allot or otherwise dispose of the same in such manner as think fit.

Power to annul forfeiture

52. The Board may, at any time before any Share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

Liability on forfeiture

53. Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereon from the time of the forfeiture of the payment, at such rate as the Board may determine and the Board may enforce the

payment thereof, if it thinks fit. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.

Effect of forfeiture

54. The forfeiture of a Share involves extinction, at the time of the forfeiture, of all interest and all claims and demands against the Company in respect of the Share and all other rights, incidental to the Share except only such of those rights as by these Articles are expressly saved.

Evidence of forfeiture

55. A duly verified declaration in writing that the declarant is a Director, the manager or the secretary of the Company, and that certain Shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.

Cancellation of Share certificate in respect of forfeited shares

56. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors, shall be entitled to issue a duplicate certificate or certificates in respect of the said Shares to the person or persons, entitled thereto as per the provisions herein.

56.1. The Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favor of the person to whom the Share is sold or disposed of.

56.2. The transferee shall thereupon be registered as the holder of the Share; and

56.3. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

These Articles to apply in case of any non-payment

57. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

EMPLOYEES STOCK OPTIONS

58. Subject to the provisions of Section 62 of the Act and the Applicable Law, the Company may issue options to the any Directors, not being Independent Directors, officers, or employees of the Company, its subsidiaries or its parent, which would give such Directors, officers or employees, the benefit or right to purchase or subscribe at a future date, the Securities offered by the Company at a predetermined price, in terms of schemes of employee stock options or employees share purchase or both: Provided that it will be lawful for such scheme to require an employee, officer, or Director, upon leaving the Company, to

transfer Securities acquired in pursuance of such an option/scheme, to a trust or other body established for the benefit of employees of the Company.

POWER TO ISSUE SWEAT EQUITY SHARES

59. Subject to and in compliance with Section 54 and other Applicable Law, the Company may issue equity Shares to its employees or Director(s) at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called.

PREFERENTIAL ALLOTMENT

60. Subject to the provisions of Section 62 the Act, read with the conditions as laid down in the Applicable Law, and if authorized by a Special Resolution passed in a General Meeting, the Company may issue Shares, in any manner whatsoever, by way of a preferential offer or private placement. Such issue on preferential basis or private placement should also comply with the conditions as laid down in Section 42 of the Act and/or Applicable law.

CAPITALIZATION OF PROFITS

61. The Company in General Meeting may, upon the recommendation of the Board, resolve:
- 61.1. that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including capital redemption reserve account), or to the credit of the profit and loss account, otherwise available for distribution or securities premium account; and
- 61.2. that such sum be accordingly set free for distribution in the manner specified in 61.1 amongst the members who would have been entitled thereto, if distributed by way of Dividend and in the same proportions.
62. The sum aforesaid shall not be paid in cash but shall be applied, subject to applicable provisions contained herein, either in or towards:
- 62.1. paying up any amounts for the time being unpaid on any Shares held by such Members respectively;
- 62.2. paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such Members in the proportions aforesaid;
- 62.3. partly in the way specified in Article 62.1 and partly in that specified in Article 62.2;
- 62.4. The Board shall give effect to the resolution passed by the members of the Company in pursuance of this Article.
- 62.5. Whenever such a resolution as aforesaid shall have been passed, the Board shall—

62.5.1. make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and

62.5.2. generally, do all such acts and things required to give effect thereto.

63. For the purpose of giving effect to any resolution under Articles 61 and 62, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient.

TRANSFER AND TRANSMISSION OF SHARES

Register of transfers

64. The Company shall keep a register to be called the 'Register of Transfers', and therein shall be fairly and directly entered particulars of every transfer or transmission of any Share. Entries in the register should be authenticated by the secretary of the Company or by any other person authorized by the Board for the purpose, by appending his signature to each entry.

Instruments of transfer

65. The instrument of transfer shall be in writing and duly stamped and in such form as may be prescribed under the Act from time to time and all provisions of Section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof.

To be executed by transferor and transferee

66. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such Shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any Share in favor of a minor (except in cases when they are fully paid up).

67. Application for the registration of the transfer of a Share may be made either by the transferee or the transferor. Where an application is made by the transferor and relates to partly paid up shares, no registration shall be effected unless the Company gives notice of the application to the transferee subject to the provisions of these Articles, Section 56 of the Act and other Applicable Law, and the transferee gives no objection to the transfer within two weeks from the receipt of the notice. In the event of non-receipt of any objection from the transferee within the period of two weeks as aforesaid, the Company shall enter in the Register the name of transferee in the same manner and subject to the same conditions as it the application for registration of the transfer was made by the transferee.

The Board may, subject to the right of appeal conferred by section 58 decline to register --

- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
- (b) any transfer of shares on which the company has a lien.

On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

Transfer books when closed

68. Subject to the applicable provisions of the Act, SEBI Regulations and these Articles, the Board shall have to close the transfer books, the Register of Members, Register of Debenture holders or the Register of other Security holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may deem expedient.

Directors may refuse to register transfer

69. Subject to the provisions of the Act and other Applicable Law, the Board may at its own, discretion, decline to register or acknowledge any transfer of Securities, whether fully paid or not (notwithstanding that the proposed transferee be already a Member), provided in such cases it shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal to register such transfer: Provided that registration of transfer shall not be refused on the ground of the transferor being, either alone or jointly with any person or persons, indebted to the Company on any account whatsoever except where the Company has lien on the Securities.

Directors to recognize Beneficial Owners of securities

70. Notwithstanding anything contained in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Securities on behalf of a Beneficial Owner.
71. Save as otherwise provided hereinabove, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it, and the Beneficial Owner shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of its Securities held by a Depository.
72. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears as the Beneficial Owner of the securities in the records of the Depository as the absolute owner thereof and accordingly the Company shall not be bound to recognize any benami, trust or equitable, contingent, future or partial interest in any Security or (except otherwise expressly provided by the Articles) any right in respect of a Security other than an absolute right thereto, in accordance with these Articles on the part of any other person whether or not it shall have express or implied notice thereof.

Nomination

73. Every holder of Shares in, or Debentures of the Company may, at any time, nominate, in the manner prescribed under the Act, a person to whom his Shares in or Debentures of the Company shall vest in the event of death of such holder.
74. Where the Shares in, or Debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or Debentures of the Company, as the case may be, held by them shall vest in the event of death of all joint holders.

75. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, or in these Articles, in respect of such shares in or Debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or Debentures of the Company, the nominee shall, on the death of the shareholders or holder of Debentures of the Company or, as the case may be, on the death of all the joint holders become entitled to all the rights in the shares or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under the provisions of the Act.
76. Where the nominee is a minor, it shall be lawful for the holder of the Shares or holder of Debentures to make the nomination to appoint, in the prescribed manner under the provisions of the Act, any person to become entitled to the shares in or Debentures of the Company, in the event of his death, during the minority.

Transmission in the name of nominee

77. Any person becoming entitled to Securities in consequence of the death, lunacy, bankruptcy or insolvency of any Security holder, or by any lawful means other than by a transfer in accordance with these Presents, may with the consent of the Board of Directors and subject as hereinafter provided, elect, either:
- 77.1. to be registered himself as holder of the Securities; or
- 77.2. to make such transfer of the Securities as the deceased Security holder could have made.
- Provided nevertheless that it shall be lawful for the Directors in their absolute discretion to dispense with the production of any evidence including any legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit.
78. The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the Share before his death or insolvency.
79. If the nominee, so becoming entitled, elects himself to be registered as holder of the Securities, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with death certificate of the deceased Security holder or proof of lunacy, bankruptcy or insolvency of the Security holder, as the case may be, and the certificate(s) of Securities held by such Security holder in the Company.
80. If the person aforesaid shall elect to transfer the Securities, he shall testify his election by executing a transfer of the Securities.
81. All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of Securities shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Security holder had not occurred and the notice or transfer were a transfer signed by that Member.
82. A nominee on becoming entitled to Securities by reason of the death of the holder or joint holders shall be entitled to the same Dividend or interest and other advantages to which he would be entitled if he were the registered holder such Securities, except that he shall not before being registered as holder of such

Securities, be entitled in respect of them to exercise any right conferred on a Security holder in relation to meetings of the Company.

No transfer to minor, insolvent etc.

83. No transfer shall be made to a minor or person of unsound mind. However, in respect of fully paid up shares, Securities may be transferred in favor of a minor acting through legal guardian, in accordance with the provisions of Applicable Law.

Transfer to be presented with evidence of title

84. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the Shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

Company not liable for disregard of a notice in prohibiting registration of transfer

85. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effort to any transfer of Shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.

DEMATERIALISATION OF SECURITIES

Dematerialization of Securities

86. The Board shall be entitled to dematerialize its existing Securities or to offer securities in a dematerialized form pursuant to the Depositories Act, 1996, as amended and the rules framed thereunder, if any.

Options for investors

87. Subject to the Applicable Law, every holder of or subscriber to Securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is a Beneficial Owner of the Securities can at any time opt out of a Depository, if permitted by law, in respect of any Securities held by him in the manner provided by the Depositories Act, 1996, and the Company shall, in the manner and within the time prescribed by law, issue and deliver to the Beneficial Owner, the required certificates for the Securities.

Securities in depositories to be in fungible form

88. All securities held by a Depository shall be dematerialized and be in fungible form.

Service of Documents

89. Notwithstanding anything contained in these Articles to the contrary, where Securities of the Company are held in a Depository, the records of the beneficiary ownership may be served by such Depository on the Company by means of electronic mode

Transfer of securities

90. Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

Allotment of securities dealt with in a Depository

91. Notwithstanding anything contained in these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such Securities.

Register and index of Beneficial Owners

92. The Register and Index of Beneficial Owners maintained by Depository under the Depositories Act, 1996, as amended shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

93. Copies of Memorandum and Articles of Association of the Company shall be furnished to every Member within seven days of his request on payment of an amount as may be fixed by the Board to recover reasonable cost and expenses, not exceeding such amount as fixed under Applicable Law.

BORROWING POWERS

Power to borrow

94. Subject to the provisions of these Articles, the Act and other Applicable Law, the Board may, from time to time, at its discretion, by way of a resolution passed at the meeting of Board, accept deposits from its members or otherwise, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money to be borrowed together with the moneys already borrowed; or where a power to delegate the same is available, by a decision/resolution of such delegate, provided that the Board shall not without the requisite sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up Capital of the Company and its free reserves.

Conditions on which money may be borrowed

95. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, or other Securities, or any mortgage, or other Security on the undertaking of the whole or any part of the property of the Company (both present and future including its uncalled capital for the time being).

Terms of issue of Debentures

96. Any Debentures, Debenture stock, bonds or other Securities may be issued on such terms and conditions as the Board may think fit: Provided that Debenture with a right to allotment or conversion into shares shall be issued in conformity with the provisions of Section 62 of the Act. Debentures, Debenture stock, bonds and other Securities may be made assignable free from any equities from the Company and the person to whom it may be issued. Debentures, Debenture- stock, bonds or other securities with a right of conversion into or allotment of shares shall be issued only with such sanctions as may be applicable.

Instrument of transfer

97. Save as provided in Section 56 of the Act, no transfer of Debentures shall be registered unless a proper instrument of transfer duly executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the Debentures: Provided that the Company may issue non-transferable Debentures and accept an assignment of such instruments.

Register of charges, etc.

98. The Board shall cause a proper Register to be kept in accordance with the provisions of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Sections 77 to 87 of the Act, both inclusive of the Act in that behalf to be duly complied with, so far as they are ought to be complied with by the Board.

Register and index of Debenture holders

99. The Company shall, if at any time it issues Debentures, keep register and index of Debenture holders in accordance with Section 88 of the Act. Subject to the Applicable Law, the Company shall have the power to keep in any State or Country outside India, a register of Debenture-stock holders, resident in that State or Country.

GENERAL MEETINGS

100. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year.
101. Every Annual General Meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a national holiday and shall be held either at the registered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate
102. All General Meetings other than annual general meeting shall be called extraordinary general meeting.
103. In the case of an Annual General Meeting, all businesses to be transacted at the meeting shall be deemed special, with the exception of business relating to:
- 103.1. the consideration of financial statements and the reports of the Board of Directors and Auditors;
 - 103.2. the declaration of any Dividend;
 - 103.3. the appointment of Directors in place of those retiring;

- 103.4. the appointment of, and the fixing of the remuneration of, the Auditors
104. In case of any other meeting, all business shall be deemed special.
105. The Board may, whenever it thinks fit, call an Extraordinary General Meeting.
106. Where permitted or required by Applicable Law, Board may, instead of calling a meeting of any Members/ class of Members/ Debenture holders, seek their assent by Postal ballot, including e-voting. Such Postal ballot will comply with the provisions of Applicable Law in this behalf.
107. The intent of these Articles is that in respect of seeking the sense of the Members or Members of a class or any Security holders, the Company shall, subject to Applicable Law, be entitled to seek assent of Members, members of a class of Members or any holders of Securities using such use of contemporaneous methods of communication as is permitted by Applicable Law. A written resolution including consent obtained through electronic mode shall be deemed to be sanction provided by the Member, Member of a class or other Security holder by way of personal presence in a meeting.
108. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up Capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.
109. Any meeting called as above by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.

E-voting in case of General Meetings

110. Where the Company conducts General Meetings by way of e-voting, the Company shall follow the procedure laid down under the Act and Applicable Law.
111. Where Member has been allowed the option of voting through electronic mode as per Applicable Law, such Member, or Members, who have voted using the electronic facility, generally, shall be allowed to speak at a General Meeting, but shall not be allowed to vote again at the meeting.

Provided that voting may also be allowed to be case by way of post or any other mode which any Applicable Law may allow.

Notice of General Meetings

112. Subject to the Applicable Law, at least 21 clear days' notice of every General Meeting, specifying the day, date, place and hour of meeting, containing a statement of the business to be transacted thereat, shall be given, either in writing or through electronic mode, to every Member or legal representative of any deceased Member or the assignee of an insolvent Member, every Auditor(s) and Director of the Company.
113. A General Meeting may be called at a shorter notice in accordance with the provisions of Section 101 of Companies Act 2013.

Quorum at General Meeting

- 114. No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business.
- 115. Save as otherwise provided herein, the quorum for the General Meetings shall be as provided in Section 103 of the Act.
- 116. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved, but in any other case the meeting shall stand adjourned to the same day in the next week or to such other day and at such other time and place as the Board may determine subject to Applicable Law and if at such adjourned meeting, a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called.

Chairperson at General Meetings

- 117. The Chairperson, if any, of the Board shall preside as Chairperson at every General Meeting of the Company.
- 118. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairperson of the meeting, the Directors present shall elect one among themselves to be Chairperson of the General Meeting.
- 119. If at any meeting no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of themselves to be Chairperson of the General Meeting.
- 120. No business shall be discussed at any General Meeting except the election of a Chairperson, while the chair is vacant.

Adjournment of Meeting

- 121. The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- 122. No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 123. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

Voting rights

- 124. No member shall be entitled to vote either personally or by proxy, at any General Meeting or Meeting of a class of shareholders in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or, in regard to which the Company has, and has exercised any right of lien.

125. Subject to any rights or restrictions for the time being attached to any class or classes of Shares:
- 125.1. on a show of hands, every member present in person shall have one vote; and
 - 125.2. on a poll, the voting rights of Members shall be in proportion to his share in the paid-up equity Share Capital of the Company.
 - 125.3. A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 of the Act and shall vote only once.
126. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members.
127. A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
128. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.
129. No objection shall be raised to the qualification of any voter except at the General Meeting or adjourned General Meeting at which the vote objected to is given or tendered, and every vote not disallowed at such General Meeting shall be valid for all purposes.
130. Any such objection made in due time shall be referred to the Chairperson of the General Meeting, whose decision shall be final and conclusive.

Proxy

131. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a member may vote by a representative duly authorized in accordance with Section 113 of the Act, and such representative shall be entitled to exercise the same rights and powers (including the rights to vote by proxy) on behalf of the body corporate which he represents as the body could exercise if it were an individual member.
132. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; and in default the instrument of proxy shall not be treated as valid.
133. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate, under the common seal of such corporate, if any, or be signed by an officer or any attorney duly authorized by it, and any committee or guardian may appoint

such proxy. An instrument appointing a proxy shall be in the form as prescribed in terms of Section 105 of the Act.

134. A Member present by proxy shall be entitled to vote only on a poll, except where Applicable Law provides otherwise.
135. The proxy so appointed shall not have any right to speak at the General Meeting.
136. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Maintenance of records and Inspection of minutes of General Meeting by Members

137. Where permitted/required by Applicable Law, all records to be maintained by the Company may be kept in electronic form subject to the provisions of the Act and the conditions as laid down in the Applicable Law. Such records shall be kept open to inspection in the manner as permitted by the Act and Applicable Law. The term 'records' would mean any register, index, agreement, memorandum, minutes or any other document required by the Act and Applicable Law made there under to be kept by the Company.
138. The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
139. Any such minutes shall be evidence of the proceedings recorded therein.
140. The book containing the minutes of proceedings of General Meetings shall be kept at the registered office of the Company and shall be open during business hours, for such periods not being less than 2 hours on any day, as may be fixed by the Company Secretary from time to time, to the inspection of any Member without charge.
141. Any Member of the Company shall be entitled to a copy of minutes of the General Meeting on receipt of a specific request and at a fee of Rs. 10/- (Rupees Ten only) for each page, or such higher amount as the Board may determine, as permissible by Applicable Law.

BOARD OF DIRECTORS

142. Until otherwise determined by a General Meeting and subject to provisions of the Act, the number of directors shall not be less than three or more than fifteen.

Following are the First Directors of the Company:

1. Shri Ashwinkumar A. Manek
2. Shri Sanjeev Kasturilal Bhaskar

143. The Directors are not required to hold any qualification shares.
144. Composition of the Board shall be in accordance with the provisions of Section 149 of the Act and other Applicable Laws. Provided that where there are temporary gaps in meeting the requirements of Applicable Law pertaining to composition of Board of Directors, the remaining Directors shall (a) be entitled to transact business for the purpose of attaining the required composition of the Board; and (b) be entitled to carry out such business as may be required in the best interest of the Company in the meantime.

Board's power to appoint Additional Directors

145. Subject to the provisions of Sections 149, 152 and 161 of the Act and Applicable Laws, the Board shall have power at any time, and from time to time, to appoint a person as an additional Director, provided the number of the Directors and additional Directors together shall not at any time exceed the maximum strength fixed for the Board by these Articles.
146. Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.

Nominee Directors

147. The Company shall, subject to the provisions of the Act and these Articles, be entitled to agree with any Person that he or it shall have the right to appoint his or its nominee on the Board, not being an Independent Director, upon such terms and conditions as the Company may deem fit.
148. Whenever the Company enters into the contract with any government, central, state or local, any bank or financial institution or any person or persons (hereinafter referred to as “**the appointer**”) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever, the Board shall have, subject to the provisions of the Act, the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more directors on the Board for such period and upon such conditions as may be mentioned in the agreement and that such director or directors shall not be liable to retire by rotation nor be required to hold any qualification shares. The directors may also agree that any such director or directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such director or directors ceasing to hold that office for any reason whatsoever. The directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any privileges and rights exercised and enjoyed by the directors of the Company including payment of remuneration and travelling expenses to such director or directors as may be agreed by the Company with the appointer.

Appointment of Alternate Directors

149. Subject to the provisions of Section 161 of the Act, the Board may appoint an Alternate Director to act for a Director (hereinafter called “**the Original Director**”) during his absence for a period of not less than three months from India. No person shall be appointed as an Alternate Director in place of an

Independent Director unless he is qualified to be appointed as an Independent Director under the Act and Applicable Law. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India. If the office of the Original Director is determined before he so returns to India, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director, and not to the Alternate Director.

For the purpose of absence in the Board meetings in terms of Section 167 (1) (b) of the Act, the period during which an Original Director has an Alternate Director appointed in his place, shall not be considered.

Board's power to fill casual vacancies

150. Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Independent Directors

151. Subject to the provisions of the Act and other Applicable Law, the Board or any other Committee as per the Act shall identify potential individuals for the purpose of appointment as Independent Director either from the date bank established under Section 150 of Act or otherwise.
152. The Board on receiving such recommendation shall consider the same and propose his appointment for approval at a General Meeting. The explanatory statement to the notice for such General Meeting shall provide all requisite details as required under the Act.
153. Any casual vacancy in the post of an Independent Director caused by way of removal, resignation, death, vacation of office under Section 167 of the Act and Applicable Law or these Articles, removal from Directorship pursuant to any court order or due to disqualification under Section 164 of Act shall be filled by following the process laid down herein below and in accordance with the Applicable Law. No such casual vacancy shall prejudice the functioning of the Board during the intervening period.
154. Every Independent Director shall at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the circumstances which may affect his status as an Independent Director, give a declaration that he meets the criteria of independence.
155. The Company and Independent Directors are required to abide by the provisions specified in Schedule IV of the Act.
156. An Independent Director shall not be entitled to any stock option and may receive remuneration by way of sitting fee, reimbursement of expenses for participation in the Board and other meetings and also to such commission based on profits, as may, subject to provisions of Applicable Law, be approved by the Members.

157. An Independent Director shall be held liable, only in respect of such acts of omission or commission by a Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he had not acted diligently.
158. The provisions relating to retirement of Directors by rotation shall not be applicable to appointment of Independent Directors.

Term of Office of Independent Director

159. Subject to Applicable Law, an Independent Director shall hold office for a term up to 5 (five) consecutive years on the Board of a Company, but shall be eligible for reappointment for one more term on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's report.
160. No Independent Director shall hold office for more than 2 (two) consecutive terms, but such Independent Director shall be eligible for appointment after the expiration of 3(three) years of ceasing to become an Independent Director provided that he shall not, during the said period of 3 (three) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

Retirement and rotation of Directors

161. At least two-thirds of the total number of Directors, excluding Independent Directors, will be the Directors who are liable to retire by rotation (hereinafter called "**the Rotational Directors**").
162. Subject to the provisions of the Act and these Articles, the managing Director and/or the whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation.
163. At every Annual General Meeting of the Company, one-third of the Rotational Directors, or if their number is not three or a multiple of three, then, the number nearest to one-third, shall retire from office.
164. A retiring Director shall be eligible for re-election.

Resignation of Directors

165. Subject to the provisions of Applicable Law, a Director may resign from his office by giving a notice in writing to the Company and Board shall take note of the same. The fact of such resignation shall be mentioned in the report of Directors laid in the immediately following Annual General Meeting by the Company.
166. A Managing Director or a Whole-time Director or any Executive Director who has any terms of employment with the Company shall not give any notice of resignation in breach of the conditions of employment as may be applicable, either to a Director specifically, or to employees of the Company generally. A nominee Director shall not give any notice of resignation except through the nominating person.
167. The resignation of a Director shall take effect from the date on which the notice is received by the Company or the date, if any, specified by the Director in the notice, whichever is later:
Provided that the Director who has resigned shall be liable even after his resignation for the offences which occurred during his tenure.

Removal of Directors

168. Any Director of the Company, except the one appointed by the National Company Law Tribunal, may be removed by way of Ordinary Resolution before the expiry of his term of office, subject to the provisions of Section 169 of Act.

Remuneration of Directors

169. Subject to the provisions of Section 197 of the Act, a Director may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Provided that where the Company takes a Directors' and Officers' Liability Insurance, specifically pertaining to a particular Director and/or officer, then the premium paid in respect of such insurance, for the period during which a Director and/or officer has been proved guilty, will be treated as part of remuneration paid to such Director and/or officer.

170. The Board or a relevant Committee constituted for this purpose shall seek to ensure that the remuneration paid to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
171. The fees payable to a Director for attending the meetings of the Board or Committee thereof shall be such sum as may be decided by the Board of Directors from time to time within the maximum limit as prescribed under the Act and Applicable Law. Fee shall also be paid for attending any separate meeting of the Independent Directors of the Company in pursuance of any provision of the Act. Fee shall also be payable for participating in meetings through permissible electronic mode.
172. In addition to the remuneration payable pursuant to Section 197 of the Act, the Directors may be paid all conveyance, hotel and other expenses properly incurred by them:
- 172.1. in attending and returning from meetings of the Board of Directors or any Committee thereof or general meetings of the Company; or
- 172.2. in connection with the business of the Company.

Directors may act notwithstanding any vacancies on Board

173. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number fixed by these Articles, the continuing Directors may act for the purpose of increasing the number of Directors to the minimum number fixed by these Articles or for summoning a General Meeting for the purpose increasing the number of Directors to such minimum number, but for no other purpose.

Vacation of office of Director

174. The office of a Director shall ipso facto be vacated:
- 174.1. on the happening of any of the events as specified in Section 167 of the Act.
- 174.2. if a person is a Director of more than the number of Companies as specified in the Act at a time;

- 174.3. in the case of alternate Director, on return of the original Director in terms of Section 161 of the Act;
- 174.4. having been appointed as a Director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, he ceases to hold such office or other employment in that company;
- 174.5. if he is removed in pursuance of Section 169 of the Act;
- 174.6. any other disqualification that the Act for the time being in force may prescribe.

Notice of candidature for office of Directors except in certain cases

- 175. No person, not being a retiring Director, shall be eligible for appointment to the office of Director at any General Meeting unless he or some Member intending to propose him as a Director, has, not less than fourteen days before the General Meeting, left at the registered office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him as a candidate for that office along with the requisite deposit of Rs. 1,00,000/- (Rupees One Lakh only) or such higher amount as the Board may determine, as permissible by Applicable Law.
- 176. Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 160 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director, shall sign and file with the Company, the consent in writing to act as a Director, if appointed.

Director may contract with the Company

- 177. Subject to such sanctions as required by Applicable Law, a Director or any related party as defined in Section 2 (76) of the Act or other Applicable Law may enter into any contract or any arrangement with the Company.
- 178. Unless so required by Applicable Law, no sanction shall, however, be necessary for any contracts with a related party entered into on arm's length basis. Where a contract complies with such conditions or indicia of arm's length contracts as laid down in a policy on related party transactions framed by the Board in accordance with the Applicable Law, the contract shall be deemed to be a contract entered into on arm's length basis.

Disclosure of interest

- 179. A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184(2) of the Act; provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other body corporate where the Director of the Company either himself or in association with any other Director hold or holds less than two per cent of the shareholding in such other body corporate.

Interested Director not to participate or vote in Board's proceeding

- 180. Subject to the provisions of Section 184 of the Act, no Director shall as Director take any part in the discussion of, or vote on any contract or arrangement entered into by or on behalf of the Company, if he is in any way whether directly or indirectly concerned or interested in such contract or arrangement; nor

shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote, his vote shall be void.

Register of contracts in which Directors are interested

181. The Company shall keep a register of contracts or arrangements in which directors are interested in accordance with the provisions of Act. Such register shall be kept at the registered office of the Company and shall be preserved permanently be kept in the custody of the Company Secretary of the Company or any other person authorized by the Board for the purpose.
182. Such a Register shall be open to inspection at such office, and extracts maybe taken therefrom and copies thereof may be provided to a Member of the Company on his request, within seven days from the date on which such request is made and upon the payment of Rs. 10 (Rupees Ten only) per page, as such higher amount as may be laid by the Board, as permitted by Applicable Law.

Register of Directors and Key Managerial Personnel and their shareholding

183. The Company shall keep at its registered office a register containing the particulars of its Directors and Key Managerial Personnel, which shall include the details of Securities held by each of them in the Company or its holding, subsidiary, subsidiary of Company's holding Company or associate companies in accordance to Section 170 of the Act and Applicable Law.

Miscellaneous

184. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

PROCEEDINGS OF THE BOARD

Meetings of Board

185. The Directors may meet together as a Board from time to time for the conduct of the business of the Company, adjourn or otherwise regulate its meetings, as it thinks fit.
186. A meeting of the Board shall be called by giving not less than seven days' notice in writing to every Director at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic mode.
187. The notice of the meeting shall inform the Directors regarding the option available to them to participate through electronic mode, and shall provide all the necessary information to enable the Directors to participate through such electronic mode.
188. Certain matters, as may be specified under the Applicable Law from time to time, shall not be dealt with in a meeting of the Board through video conferencing or other audio visual means.
189. A meeting of the Board may be called at shorter notice to transact urgent business subject to the condition that at least one Independent Director, if any, shall be present at the meeting, or in case of absence of

Independent Directors from such a meeting of the Board, decisions taken at such a meeting shall be circulated to all the Directors and shall be final only on ratification thereof by at least one Independent Director.

190. The Board shall so meet at least once in every four months and at least four such meetings shall be held in every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.
191. Every Director present at any meeting of the Board or of a Committee thereof shall sign his name in a book to be kept for that purpose. The names of Directors who have participated in Board meetings through electronic mode shall be entered and initialled by the Company Secretary, stating the manner in which the Director so participated

Meetings of Board by Video/audio-visual conferencing

192. Subject to the provisions of the Act and Applicable Law, the Directors may participate in meetings of the Board otherwise through physical presence, electronic mode as the Board may from time to time decide and Directors shall be allowed to participate from multiple locations through modern communication equipment for ascertaining the views of such Directors who have indicated their willingness to participate by such electronic mode, as the case may be.

Regulation for meeting through electronic mode

193. The Board may, by way of a resolution passed at a meeting, decide the venues where arrangements may be made by the Company, at the Company's cost, for participation in Board meetings through electronic mode, as the case may be, in accordance to the provisions of the Act and Applicable Law. In case of a place other than such places where Company makes arrangements as above, the Chairperson may decline the right of a Director to participate through electronic mode in view of concerns of security, sensitivity and confidentiality of Board proceedings. Where the Chairperson so permits a Director to participate from a place other than the designated places where the Company has made the arrangements, the security and confidentiality of the Board proceedings shall be the responsibility of the Director so participating, and the cost and expense in such participation, where agreed to by the Chairperson, may be reimbursed by the Company.
194. Subject as aforesaid, the conduct of the Board meeting where a Director participates through electronic mode shall be in the manner as laid down in Applicable Law.
195. The rules and regulations for the conduct of the meetings of the Board, including for matters such as quorum, notices for meeting and agenda, as contained in these Articles, in the Act and/or Applicable Law, shall apply to meetings conducted through electronic mode, as the case may be.
196. Upon the discussions being held by electronic mode, as the case may be, the Chairperson or the Company Secretary shall record the deliberations and get confirmed the views expressed, pursuant to circulation of the draft minutes of the meeting to all Directors to reflect the decision of all the Directors participating in such discussions.
197. Subject to provisions of Section 173 of the Act and the Applicable Laws, a Director may participate in and vote at a meeting of the Board by means of electronic mode which allows all persons participating in the meeting to hear and see each other and record the deliberations. Where any Director participates in a

meeting of the Board by any of the means above, the Company shall ensure that such Director is provided with a copy of all documents referred to during such Board meeting prior to the commencement of this Board Meeting.

When can a meeting be convened

198. The Managing Director or a Director may, and the Manager or Company Secretary upon the requisition of Director(s) shall, at any time, summon a meeting of the Board.

Chairperson for Board Meetings

199. The Board may elect a Chairperson, and determine the period for which he is to hold office. The Managing Director may also be appointed by the Board as the Chairperson.
200. If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the Directors present may choose one of their numbers to be Chairperson of the meeting.

Quorum

201. The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of the Section 174 of the Act. If a quorum is not present within fifteen minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairperson of the Board shall decide.

Exercise of powers to be valid in meetings where quorum is present

202. A meeting of the Board of which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board, or in accordance with Section 179 of the Act, the powers of the Company.

Matter to be decided on majority of votes

203. Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. In case of an equality of votes, the Chairperson of the Board shall have a second or casting vote.

Power to appoint Committee and to delegate powers

204. The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to committees consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Unless a power of the Board is not capable of being delegated, such power may be delegated by the Board to any officer or committee of officers as the Board may determine.
205. Any committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board.
206. The meetings and the proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board.

Resolution without Board Meeting/ Resolution by Circulation

207. Save as otherwise expressly provided in the Act to be passed at a meeting of the Board and subject to Section 175 of the Act or Applicable Laws, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be, at their addresses registered with the Company in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be), and has been approved by a majority of the Directors or members as are entitled to vote on the resolution.

Provided that, where not less than one-third of the total number of Directors of the Company for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a Board Meeting.

Provided further that where the resolution has been put to vote at a Board Meeting, the consent or dissent of the Directors obtained by way of resolution by circulation shall be rendered void and given effect to.

Acts of Board / Committee valid notwithstanding formal appointment

208. All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained or in these Articles, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director and had not vacated his office or his appointment had not been terminated; provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

Minutes of proceedings of meeting of Board

209. The Company shall cause minutes of proceedings of every meeting of the Board and Committee thereof to be kept in such form by making within thirty days of the conclusion of every such meeting, entries thereof in the books kept for that purpose with their pages consecutively numbered in accordance to Section 118 of the Act or Applicable Laws.
210. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting.
211. In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by a pasting or otherwise, if the minutes are kept in physical form.
212. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
213. Where the meeting of the Board takes place through electronic mode, the minutes shall disclose the particulars of the Directors who attended the meeting through such means. The draft minutes of the

meeting shall be circulated among all the Directors within fifteen days of the meeting either in writing or in electronic mode as may be decided by the Board and/or in accordance with Applicable Laws.

214. Every Director who attended the meeting, whether personally or through electronic mode, shall confirm or give his comments in writing, if any, about the accuracy of recording of the proceedings of that particular meeting in the draft minutes, within seven days or some reasonable time as decided by the Board, after receipt of the draft minutes failing which his approval shall be presumed.
215. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meetings.
216. The minutes shall also contain:
 - 216.1. The names of the Directors present at the meeting; and
 - 216.2. In the case of each resolution passed at the meeting the names of the Directors, if any, dissenting from or not concurring in the resolution.
217. Nothing contained in these Articles shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairperson of the meeting:
 - 217.1. is, or could reasonably be regarded as defamatory of any person.
 - 217.2. is irrelevant or immaterial to the proceedings; or
 - 217.3. is detrimental to the interest of the Company.
218. The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this Article.
219. Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.
220. Any Director of the Company may requisition for physical inspection of the Board Meeting minutes in accordance with the Applicable Law.

Powers of Board

221. The Board may exercise all such powers of the Company and do all such acts, and things as are not, by the Act and Applicable Law made thereunder, or any other Act, or by the Memorandum, or by these Articles of the Company, required to be exercised by the Company in General Meeting subject nevertheless to these Articles, to the provisions of the Act and the Applicable Law made thereunder, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting; but no regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
222. The Board may subject to Section 186 of the Act and provisions of Applicable Law made thereunder shall by means of unanimous resolution passed at meeting of Board from time to time, invest, provide loans or guarantee or security on behalf of the Company to any person or entity.

Restriction on powers of Board

223. The Board of Directors shall exercise the following powers subject to the approval of Company by a Special Resolution:
- 223.1. to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings;
 - 223.2. to invest otherwise in trust securities the amount of compensation received by it as a result of any merger or amalgamation;
 - 223.3. to borrow money, where the money to be borrowed, together with the money already borrowed by the Company will exceed aggregate of its paid-up Share Capital and free-reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business;
 - 223.4. to remit, or give time for the repayment of, any debt due from a Director.

Contribution to charitable and other funds

224. The Board of Directors of a Company may contribute to bona fide charitable and other funds. A prior permission of the Company in general meeting by way of ordinary resolution shall be required for if the aggregate of such contributions in a financial year exceeds 5 % (five percent) of its average net profits for the three immediately preceding financial years

Absolute powers of Board in certain cases

225. Without prejudice to the general powers conferred by Section 179(3) of the Act or Applicable Laws and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in these Articles or the Applicable Law, it is hereby declared that the Directors shall have the following powers; that is to say, power:
- 225.1. To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
 - 225.2. To pay any interest lawfully payable under the provisions of Section 40 of the Act.
 - 225.3. To act jointly and severally in all on any of the powers conferred on them.
 - 225.4. To appoint and nominate any Person(s) to act as proxy for purpose of attending and/or voting on behalf of the Company at a meeting of any Company or association.
 - 225.5. To comply with the provisions of Applicable Law which in their opinion shall, in the interest of the Company be necessary or expedient to comply with.
 - 225.6. To make, vary and repeal bye-laws for regulation of business of the Company and duties of officers and servants.

- 225.7. Subject to Sections 179 and 188 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorized to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- 225.8. Subject to the provisions of the Act and Applicable Laws, to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in Shares, bonds, Debentures, mortgages, or other securities of the Company, and such Shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon all or any part of the property of the Company and its uncalled Capital or not so charged;
- 225.9. To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled Capital for the Company being or in such manner as they may think fit;
- 225.10. To accept from any member, as far as may be permissible by law, a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed;
- 225.11. To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of Debenture or Debenture stock, perpetual or otherwise charged upon all or any of the Company's property (both present and future).
- 225.12. To open and deal with current account, overdraft accounts with any bank/banks for carrying on any business of the Company.
- 225.13. To appoint any Person (whether incorporated or not) to accept and hold in trust for the Company and property belonging to the Company, in which it is interested, or for any other purposes; and execute such deeds and do all such things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- 225.14. To institute, conduct, defend, compound, refer to arbitration or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due, and of any claim or demands by or against the Company.
- 225.15. To refer any claims or demands or differences by or against the Company or to enter into any contract or agreement for reference to arbitration, and observe, enforce, perform, compound or challenge such awards and to take proceedings for redressal of the same.;
- 225.16. To act as trustees in composition of the Company's debtors and/or act on behalf of the Company in all matters relating to bankrupts and insolvents;
- 225.17. To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.

- 225.18. Subject to the provisions of Sections 179 and 186 of the Act, to invest and deal with any moneys of the Company not immediately required for the purpose thereof upon such security (not being Shares of this Company), or without security and in such manner as they think fit, and from time to time to vary the size of such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name;
- 225.19. To execute in the name and on behalf of the Company in favor of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.
- 225.20. To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividends, warrants, releases, contracts and documents and to give the necessary authority for such purpose;
- 225.21. Subject to provisions of Applicable Law, to give a Director or any officer or any other person whether employed or not by the Company, share or shares in the profits of the Company, commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company;
- 225.22. To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or by grants of money, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing to provident and other associations, institutions; funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit;
- 225.23. To subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of public and general utility or otherwise;
- 225.24. Before recommending any Dividend, to set aside out of the profits of the Company such sums as they may think proper for depreciation or to Depreciation Fund, or to an Insurance Fund, or as a Reserve Fund, or Sinking fund, or any Special Fund to meet contingencies or to repay Debentures or Debenture stock, or for special dividends or for equalized dividends or for repairing, improving, extending and maintaining any of the property of the Company or for such other purpose (including the purposes referred to in the preceding clause), as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than Shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expand all or any part thereof for the benefit of the Company, in such manner and for such purpose as the Board in their absolute discretion think conducive to the interest of the Company, notwithstanding that the matters to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or

expended; and to divide the reserve into such special Funds as the Board may think fit, with full power to transfer the whole, or any portion of a Reserve Fund or division of a Reserve Fund to another Reserve Fund or division, of a Reserve Fund and with full power to employ the assets constituting all or any of the above Funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of Debentures or Debenture stock, and without being bound to keep the same, separate from the other assets, and without being bound to pay interest on the same with power, however, to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper.

- 225.25. Subject to the provisions of the Act to appoint, and at their discretion remove or suspend such general managers, managers, secretaries, assistants, supervisor, clerks, agents and servants of permanent, temporary or special services as they may for time to time think fit, and to determine their powers and duties and fix their salaries or emoluments or remuneration, and to require security in such instances and to such amount as they may think fit also from time to time provide for the management and transaction of the affairs of the Company in any specified locality in India, or elsewhere in such manner as they think fit; and the provisions contained in the four next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- 225.26. To comply with the requirements of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with;
- 225.27. Subject to applicable provisions of the Act and Applicable Law, to appoint purchasing and selling agents for purchase and sale of Company's requirement and products respectively.
- 225.28. From time to time and at any time to establish any local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to the members of such local boards and to fix their remuneration.
- 225.29. Subject to Section 179 & 180 of the Act from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board, other than their power to make calls or to make loans or borrow moneys, and to authorize the Members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annul or vary any such delegation.
- 225.30. At any time and from time to time by power of attorney under the Seal, if any, of the Company, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board under these Presents and excluding the powers to make calls and excluding also, except in their limits authorized by the Board, the power to make loans and borrow money') and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favor of the members or any of the Members of any Local Board, established as aforesaid or in favor of any Company, or the Shareholders, Directors, nominees or managers of any Company or firm or otherwise in favor of any fluctuating body of persons whether nominated directly by the Board and any such power of Attorney may contain such powers for the protection or convenience of persons dealing

with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them;

225.31. Subject to Sections 184 and 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such contracts, agreements and to execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient;

225.32. Subject to the provisions of the Act, the Board may pay such remuneration to Chairperson / Vice Chairperson of the Board upon such conditions as they may think fit.

225.33. To take insurance of any or all properties of the Company and any or all the employees and their dependants against any or all risks.

225.34. To take insurance on behalf of its managing Director, whole-time Director, manager, Chief Executive Officer, Chief Financial Officer or Company Secretary or any officer or employee of the Company for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

MANAGING DIRECTOR

Board may appoint Managing Director(s)

226. Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its member or members as Managing Director(s) of the Company for fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit and subject to the provisions of these Articles the Board may by resolution vest in such Managing Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine.
227. Subject to the Article above, the powers conferred on the Managing Director shall be exercised for such objects and purpose and upon such terms and conditions and with such restrictions as the Board may think fit and it may confer such powers either collateral with or to the exclusion of and in substitution of all or any of the powers of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. The Managing Director shall not exercise any powers under Section 179 of Act except such powers which can be delegated under the Act and specifically delegated by a resolution of the Board.

Restriction on Management

228. The Board of Directors may, subject to Section 179 of the Act, entrust to and confer upon a Managing or whole time Director any of the powers exercisable by them, upon such terms and conditions and with such restrictions, as they may think fit and either collaterally with or to the exclusion of their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.

Remuneration to Managing Directors/ Whole time Directors

229. A Managing or whole time Director may be paid such remuneration, whether by way of monthly payment, or participation in profits, or by any or all these modes, or any other mode not expressly prohibited by the Act, as the Board of Directors may determine.

POWER TO AUTHENTICATE DOCUMENTS

230. Subject to the Applicable Law, any Director or the Company Secretary or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any books, records, documents and accounts relating to the business of the Company and to certify copies or extracts thereof; and where any books, records documents or accounts are then, at the office, the local manager or other officer of the Company having the custody thereof, shall be deemed to be a person appointed by the Board as aforesaid.
231. Document purporting to be a copy of resolution of the Board or an extract from the minutes of meeting of the Board which is certified as such in accordance with the provisions of the preceding Article shall be conclusive evidence in favor of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be that extract is a true and accurate records of a duly constituted meeting of the Directors.

THE SEAL

232. The Board may, in its absolute discretion, adopt a common seal for the Company.
233. The Board shall provide for the safe custody of the Seal, if adopted and shall have the power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. The Company shall also be at liberty to have an official Seal for use in any territory, district or place outside India.
234. The Seal of the Company, if any, shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board authorized by it in that behalf, and except in the presence of such Directors or such other person as the Board may specify/appoint for the purpose; and the Director.

MANAGEMENT OUTSIDE INDIA AND OTHER MATTERS

235. Subject to the provisions of the Act, the following shall have effect:
- 235.1. The Board may from time to time provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.
- 235.2. Subject to the provisions of the Act, the Board may at any time establish any local Directorate for managing any of the Delegation. affairs of the Company outside India, and may appoint any person to be member of any such local Directorate or any manager or agents and may fix their remuneration and, save as provided in the Act, the Board may at any time delegate to any person

so appointed any of the powers, authorities and discretions for the time being vested in the Board and such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may at any time remove any person so appointed and annual or vary any such delegations.

- 235.3. The Board may, at any time and from time to time by power of attorney under Seal, if any, appoint any person to be the attorney of the Company for such purposes and with such powers, authorities and discretions not exceeding those which may be delegated by the Board under the Act and for such period and subject to such conditions as the Board may, from time to time, thinks fit, and such appointments may, if the Board thinks fit, be made in favor of the members or any of members of any local Directorate established as aforesaid, or in favor of the Company or of the members, Directors, nominees or officers of the Company or firm or In favor of any fluctuating body of persons whether nominated directly or indirectly by the Board, and any such Power of Attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys as the Board thinks fit.
- 235.4. Any such delegate or Attorney as aforesaid may be authorized by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- 235.5. The Company may exercise the power conferred by the Act with regard to having an Official seat for use abroad, and such powers shall be vested in the Board, and the Company may cause to be kept in any state or country outside India, as may be permitted by the Act, a Foreign Register of Member or Debenture holders residents in any such state or country and the Board may, from time to time make such regulations not being inconsistent with the provisions of the Act, and the Board may, from time to time make such provisions as it may think fit relating thereto and may comply with the requirements of the local law and shall In any case comply with the provisions of the Act.

DIVIDENDS AND RESERVE

Division of profits

236. The profits of the Company, subject to any special rights as to dividends or authorized to be created by these Articles, and subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of Capital paid-up on the Shares held by them respectively.

The Company in general meeting may declare a Dividend

237. The Company in general meeting may declare dividends to be paid to members according to their respective rights, but no Dividend shall exceed the amount recommended by the Board; the Company in general meeting may, however declare a smaller Dividend. No Dividend shall bear interest against the Company.

Dividend only to be paid out of profits

238. Subject to the provisions of the Act, the Dividend can be declared and paid only out of:

- 238.1. Profits of the financial year, after providing depreciation;
- 238.2. Accumulated profits of the earlier years, after providing for depreciation;
- 238.3. Out of monies provided by Central or State Government for payment of Dividend in pursuance of a guarantee given by the Government.

239. If the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the Dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of the Act, or against both.

Transfer to reserve

240. The Board may, before recommending any Dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
241. Such reserve, being free reserve, may also be used to declare dividends in the event the Company has inadequate or absence of profits in any financial year, in accordance to Section 123 of the Act and Applicable Law made in that behalf. The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

Interim Dividend

242. Subject to the provisions of Section 123 of the Act and Applicable Law, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company.

Calls in advance not to carry rights to participate in profits

243. Where Capital is paid in advance of calls such Capital may carry interest but shall not in respect thereof confer a right to Dividend or participate in profits.

Payment of pro rata Dividend

244. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the Dividend is paid; but if any Share is issued on terms providing that it shall rank for Dividend as from a particular date such Share shall rank for Dividend accordingly.

Deduction of money owed to the Company

245. The Board may deduct from any Dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

Rights to Dividend where shares transferred

246. A transfer of Share shall not pass the right to any Dividend declared thereon before the registration of the transfer.

Dividend to be kept in abeyance

247. The Board may retain the dividends payable in relation to such Shares in respect of which any person is entitled to become a Member by virtue of transmission or transfer of Shares and in accordance sub-Section (5) of Section 123 of the Act or Applicable Law. The Board may also retain dividends on which Company has lien and may apply the same towards satisfaction of debts, liabilities or engagements in respect of which lien exists.

Notice of Dividend

248. Notice of any Dividend that may have been declared shall be given to the persons entitled to Share therein in the manner mentioned in the Act.

Manner of paying Dividend

249. Subject to the Applicable Law, any Dividend, interest or other monies payable in cash in respect of shares may be paid by any electronic mode to the shareholder entitled to the payment of the Dividend, or by way of cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
250. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or Warrant or pay-slip or receipt lost in transmission, or for any Dividend lost to the member of person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the Dividend by any other means.

Receipts for Dividends

251. Any one of two or more joint holders of a Share may give effective receipts for any dividends, bonuses or other monies payable in respect of such Share.

Non-forfeiture of unclaimed Dividend

252. No unclaimed Dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with the provision of Sections 124 and 125 of the Act in respect of all unclaimed or unpaid dividends.

ACCOUNTS

Directors to keep true accounts

253. The Company shall keep at the registered office or at such other place in India as the Board thinks fit, proper books of account and other relevant books and papers and financial statement for every financial year in accordance with Section 128 of the Act.

254. Where the Board decides to keep all or any of the Books of Account at any place in India other than the registered office of the Company the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.
255. The Company shall preserve in good order the books of account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.
256. Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the preceding Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its registered office or at any other place in India, at which the Company's Books of Account are kept as aforesaid.
257. The books of account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.

Preparation of revised financial statements or Boards' Report

258. Subject to the provisions of Section 131 of the Act and the Applicable Law made thereunder, the Board may require the preparation of revised financial statement of the Company or a revised Boards' Report in respect of any of the three preceding financial years, if it appears to them that (a) the financial statement of the Company or (b) the report of the Board do not comply with the provisions of Section 129 or Section 134 of the Act.

Places of keeping accounts

259. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being Directors.
260. No member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in general meeting.

AUDIT

Auditors to be appointed

261. Statutory Auditors and Cost Auditors, if any, shall be appointed and their rights and duties regulated in accordance with Sections 139 to 148 of the Act and Applicable Laws. Where applicable, a Secretarial Auditor shall be appointed by the Board and their rights and duties regulated in accordance with Sections 204 of the Act and Applicable Laws.
262. Subject to the provisions of Section 139 of the Act and Applicable Laws made thereunder, the Statutory Auditors of the Company shall be appointed for a period of five consecutive years, subject to ratification

by members at every annual general meeting. Provided that the Company may, at a General Meeting, remove any such Auditor or all of such Auditors and appoint in his or their place any other person or persons as may be recommended by the Board, in accordance with Section 140 of the Act or Applicable Laws.

Remuneration of Auditors

263. The remuneration of the Auditors shall be fixed by the Company in Annual general meeting or in such manner as the Company in general meeting may determine.

DOCUMENTS AND NOTICES

Service of documents and notice

264. A document or notice may be served or given by the Company on any member either personally or sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him or by way of any electronic transmission, as prescribed in Section 20 of the Act and Applicable Law made thereunder.
265. Where a document or notice is sent by post, services of the document or notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document or notice, provided that where a member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgment due and has deposited with the Company a sum sufficient to defray the expenses of the doing so, service of the documents or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member and such service shall be deemed to have been effected in the case of Notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

Notice to whom served in case of joint shareholders

266. A document or notice may be served or given by the Company on or given to the joint-holders of a Share by serving or giving the document or notice on or to the joint-holders named first in the Register of Members in respect of the Share.

Notice to be served to representative

267. A document or notice may be served or given by the Company on or to the persons entitled to a Share in consequence of the death or insolvency of a member by sending it through post in a prepaid letter addressed to him or them by name or by the title of representatives of the deceased or assignee of the insolvent or by any like description, at the address if any) in India supplied for the purpose by the persons claiming to be entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency had not occurred.

Service of notice of General Meetings

268. Documents or notices of every General Meeting shall be served or given in the same manner hereinbefore on or to (a) every member of the Company, legal representative of any deceased member or the assignee

of an insolvent member, (b) every Director of the Company and (c) the Auditor(s) for the time being of the Company.

Members bound by notice

269. Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such shares, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares.

Documents or notice to be signed

270. Any document or notice to be served or given by the Company may be signed by a Director or some person duly authorized by the Board of Directors for such purpose and the signatures thereto may be written, printed or lithographed.

WINDING UP

271. Subject to the provisions of the Act and Applicable Law:

271.1. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, but subject to the rights attached to any preference Share Capital, divide among the contributories in specie any part of the assets of the Company and may with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction shall think fit.

271.2. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

271.3. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

BONAFIDE EXERCISE OF MEMBERSHIP RIGHTS

272. Every Member and other Security holder will use rights of such Member/ Security holder as conferred by Applicable Law or these Articles bonafide, in best interest of the Company or for protection of any of the proprietary interest of such Member/security holder, and not for extraneous, vexatious or frivolous purposes. The Board shall have the right to take appropriate measures, and in case of persistent abuse of powers, expulsion of such Member or other Security holder, in case any Member/Security holder abusively makes use of any powers for extraneous, vexatious or frivolous purposes

INDEMNITY

273. For the purpose of this Article, the following expressions shall have the meanings respectively assigned below:

273.1. **“Claims”** means all claims for fine, penalty, amount paid in a proceeding for compounding or immunity proceeding, actions, prosecutions, and proceedings, whether civil, criminal or regulatory;

273.2. **“Indemnified Person”** shall mean any Director, officer or employee of the Company, as determined by the Board, who in bonafide pursuit of duties or functions or of honest and reasonable discharge any functions as a Director, officer or employees, has or suffers any Claims or Losses, or against whom any Claims or Losses are claimed or threatened;

273.3. **“Losses”** means any losses, damages, cost and expense, penalties, liabilities, compensation or other awards, or any settlement thereof, or the monetary equivalent of a non-monetary suffering, arising in connection with any Claim;

Indemnification

274. Where Board determines that any Director, officer or employee of the Company should be an Indemnified Person herein, the Company shall, to the fullest extent and without prejudice to any other indemnity to which the Indemnified Person may otherwise be entitled, protect, indemnify and hold the Indemnified Person harmless in respect of all Claims and Losses, arising out of, or in connection with, the actual or purported exercise of, or failure to exercise, any of the Indemnified Person’s powers, duties or responsibilities as a Director or officer of the Company or of any of its subsidiaries, together with all reasonable costs and expenses (including legal and professional fees).

275. The Company shall further indemnify the Indemnified Person and hold him harmless on an ‘as incurred’ basis against all legal and other costs, charges and expenses reasonably incurred in defending Claims including, without limitation, Claims brought by, or at the request of, the Company and any investigation into the affairs of the Company by any judicial, governmental, regulatory or other body.

276. The indemnity herein shall be deemed not to provide for, or entitle the Indemnified Person to, any indemnification against:

276.1. Any liability incurred by the Indemnified Person to the Company due to breach of trust, breach of any statutory or contractual duty, fraud or personal offence of the Indemnified Person;

276.2. Any liability arising due to any benefit wrongly availed by the Indemnified Person;

276.3. Any liability on account of any wrongful information or misrepresentation done by the Indemnified Person

277. The Indemnified Person shall continue to be indemnified under the terms of the indemnities in this Deed notwithstanding that he may have ceased to be a Director or officer of the Company or of any of its subsidiaries.

SECRECY

278. Every manager, Auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board of Directors, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bonafide transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge In the discharge of his duties except when required to do so by the Directors or by any general meeting or by the law of the country and except so far as maybe necessary in order to comply with any of the provisions in these Presents and the provisions of the Act.

Subject to the provisions of these Articles and the Act, no member, or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or to examine the Company's premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be expedient in the interest of the Company to communicate.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and 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 Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of this Draft Red Herring Prospectus which will be delivered to the RoC for filing. Copies of the abovementioned contracts and also the documents and contracts for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date (except for such agreements executed after the Bid/ Issue Closing Date). Copies of the documents for inspection referred to hereunder, will also be available on the website of the Company at <https://www.diffusionengineers.com/investors-relation> from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date (except for such agreements executed after the Bid/Issue Closing Date). Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time, if so required, in the interest of our Company, or if required by the other parties, without reference to the Shareholders, subject to compliance with the provisions of the Companies Act and other applicable law.

A. Material Contracts for the Issue

1. Issue Agreement dated December 22, 2023 entered into between our Company and the BRLM;
2. Registrar Agreement dated December 22, 2023 entered into amongst our Company and the Registrar to the Issue;
3. Cash escrow and sponsor bank agreement dated [●] amongst our Company, the Registrar to the Issue, the BRLM, the Escrow Collection Bank(s), Public Issue Account Bank(s), Sponsor Banks and the Refund Bank(s);
4. Syndicate agreement dated [●] amongst our Company, the BRLM, the Syndicate Members and the Registrar to the Issue;
5. Underwriting agreement dated [●] amongst our Company and the Underwriters; and
6. Monitoring agency agreement dated [●] amongst our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time;
2. Certificate of incorporation dated November 05, 1982 issued by the RoC and fresh Certificate of incorporation dated July 03, 1995 issued by the RoC consequent to conversion into public limited company;
3. Resolution of the Board of Directors dated December 13, 2023 and special resolution dated December 20, 2023 passed by our Shareholders in relation to the Issue and other related matters;
4. Resolution of our Board of Directors dated December 26, 2023 approving this Draft Red Herring Prospectus;
5. Examination report dated November 30, 2023, of our Statutory Auditors on our Restated Financial Statements, included in this Draft Red Herring Prospectus;
6. Copies of the annual reports of the Company for the Fiscal 2023, 2022 and 2021;
7. The statement of possible special tax benefits dated December 21, 2023 from the Statutory Auditors;
8. Consents of our Promoters, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, Legal Advisor to the Issue, the Book Running Lead Manager, the Registrar to the Issue, Banker to our Company, to act in their respective capacities;

9. Consent dated December 21, 2023 by Statutory Auditors, M/s. PGS & Associates, Chartered Accountants, Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “Expert” defined under Section 2(38) of the Companies Act, read with Section 26(5) of the Companies Act, in respect of the examination report of the Auditors on the Restated Financial Statements included in this Draft Red Herring Prospectus;
10. Consent dated December 21, 2023 by Statutory Auditors, M/s. PGS & Associates, Chartered Accountants, Chartered Accountants, to include their name in this Draft Red Herring Prospectus and as an “Expert” defined under Section 2(38) of the Companies Act, read with Section 26(5) of the Companies Act, in respect of the statement of possible special tax benefits dated December 21, 2023 included in this Draft Red Herring Prospectus;
11. Certificate dated December 21, 2023 by the Statutory Auditors, M/s. PGS & Associates, Chartered Accountants verifying the key performance indicators (KPI).
12. Consent dated December 21, 2023 by M/s. Sandeep Mashru & Co., Independent Chartered Engineer, to include their name in this Draft Red Herring Prospectus and as an “Expert” defined under Section 2(38) of the Companies Act in respect of the certificates dated December 05, 2023;
13. Consent dated December 22, 2023 from CRISIL, to include contents or any part thereof from their report titled “*Assessment of welding consumables, wear plates and heavy engineering market in India*” dated December 2023 in this Draft Red Herring Prospectus;
14. Report titled “*Assessment of welding consumables, wear plates and heavy engineering market in India*” dated December 2023, prepared and issued by CRISIL Market Intelligence & Analytics, a division of CRISIL Limited and commissioned by our Company for an agreed fees;
15. Tripartite agreement dated August 14, 2012 between our Company, NSDL and the Registrar to the Issue;
16. Tripartite agreement dated October 27, 2023 between our Company, CDSL and the Registrar to the Issue;
17. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively;
18. Due diligence certificate dated December 27, 2023, addressed to the SEBI from the BRLM; and
19. SEBI final observation letter bearing reference number [●] dated [●].

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Prashant Garg
Chairman and Managing Director

Date: December 27, 2023

Place: Nagpur, Maharashtra

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Dr. Renuka Garg
Non-Executive Director

Date: December 27, 2023

Place: Nagpur, Maharashtra

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Chitra Garg
Non-Executive Director

Date: December 27, 2023

Place: Nagpur, Maharashtra

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ajay Jain
Independent Director

Date: December 27, 2023

Place: Mumbai, Maharashtra

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Anita Vijaykar
Independent Director

Date: December 27, 2023

Place: Nagpur, Maharashtra

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Anil Trigunayat
Independent Director

Date: December 27, 2023
Place: Gurgaon, Haryana

DECLARATION

I hereby certify and declare that all relevant provisions under the Companies Act and the rules, regulations or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or the rules or regulations made thereunder or guidelines issued, as the case may be. I further certify that all disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Abhishek Mehta
Chief Financial Officer

Date: December 27, 2023
Place: Nagpur, Maharashtra.