



Please scan this QR Code to view the Addendum.



Dated: September 06, 2024

DIVYADHAN RECYCLING INDUSTRIES LIMITED

CIN: U39000MH2010PLC202686

Our Company was incorporated as a Private Limited Company under the Companies Act, 1956 in the name and style of “Divyadhan Consultants Private Limited” bearing Certificate of Incorporation Number U39000MH2010PTC202686 issued by the Registrar of Companies, Maharashtra, Mumbai dated May 03, 2010 Thereafter, the name of the company was changed from “Divyadhan Consultants Private Limited” to “Divyadhan Recycling Industries Private Limited” vide special resolution passed by the members of the company at the Extra Ordinary General Meeting held on September 27, 2023 vide certificate of incorporation dated November 10, 2023. Further, our Company was converted into a Public Limited Company in pursuance of a special resolution passed by the members of our Company at the Extra-Ordinary General Meeting held on December 13, 2023 and the name of our Company changed from “Divyadhan Recycling Industries Private Limited” to “Divyadhan Recycling Industries Limited” & Registrar of Companies, Maharashtra, Mumbai issued a new certificate of incorporation consequent upon conversion dated March 02, 2024 bearing CIN U39000MH2010PLC202686. For further details of incorporation please refer to section titled “Our History and Certain Other Corporate Matters” beginning on page 136 of this Draft Red Herring Prospectus.

Registered Office: 1803, Lodha Supremus, Saki Vihar Road, Opp. Telephone Exchange, Powai, Mumbai City, Maharashtra - 400072, India

Tel: + 91- 8928434702, **Fax:** N.A., **Website:** www.divyadhan.in; **E-mail:** cs@divyadhan.in

Company Secretary and Compliance Officer: Mr. Pramod Kumar Gupta

OUR PROMOTERS: MR. PRATIK GUPTA AND MR. VARUN GUPTA

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JUNE 28, 2024: NOTICE TO INVESTORS (THE “ADDENDUM”)

INITIAL PUBLIC OFFERING UP TO 37,76,000 EQUITY SHARES OF RS. 10/- EACH (“EQUITY SHARES”) OF DIVYADHAN RECYCLING INDUSTRIES LIMITED (“DRIL” OR THE “COMPANY”) FOR CASH AT A PRICE OF RS. [●]/- PER EQUITY SHARE (THE “ISSUE PRICE”), AGGREGATING TO RS. [●] LAKHS (“THE ISSUE”). OUT OF THE ISSUE, 2,00,000 EQUITY SHARES AGGREGATING TO RS. [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER (“MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 35,76,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT AN ISSUE PRICE OF RS. [●]/- PER EQUITY SHARE AGGREGATING TO RS. [●] LAKHS IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.39% AND 25.00%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Potential Bidders may note the following:



1. The Cover page of Draft Red Herring Prospectus has been updated to amend and include the details of fresh issue i.e., “37,76,000 Equity Shares of Face Value of Rs.10/- each aggregating up to Rs. [●] lakhs” mentioned herein in the cover page of this of this addendum.
2. The section titled “Summary of offer Documents” beginning on page 18 of Draft Red Herring prospectus has been updated to amend the details mentioned in Summary of Related Party Transactions. Please note that all other details will be carried out in the offer document.
3. The section titled “Risk Factors” beginning on page 24 of Draft Red Herring Prospectus has been updated to amend the details mentioned in “Risk Factors” section of this addendum. Please note that all other details will be carried out in the offer document.
4. The Chapter titled “Capital Structure” and “Basis of Issue Price” beginning on page 54 and 84 of Draft Red Herring Prospectus has been updated to amend the details mentioned in our Introduction section of this addendum. Please note that all other details will be carried out in the offer document.
5. The Chapter titled “Industry Overview”, “Our Business”, “Our History and Certain Other Corporate Matters”, “Our Management” and “Our Promoters” beginning on page 95, 115, 136, 141 and 154 of Draft Red Herring Prospectus has been updated to amend the details mentioned in section About the Company of this addendum. Please note that all other details will be carried out in the offer document.
6. The Chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operation” and “Financial Indebtedness” beginning on page 198, 210, of Draft Red Herring Prospectus has been updated to amend the details mentioned in section “Financial Information” of this addendum. Please note that all other details will be carried out in the offer document.
7. The Chapter titled “Outstanding Litigations and Material Developments” and “Government and Other Approvals” beginning on page 211 and 224 of Draft Red Herring Prospectus has been updated to amend the details mentioned in section “Legal and Other Information” of this addendum. Please note that all other details will be carried out in the offer document.
8. The Chapter titled “Material Contracts and Documents for Inspection” beginning on page 346 of Draft Red Herring Prospectus has been updated to amend the details mentioned in section “Other Information” of this addendum. Please note that all other details will be carried out in the offer document.

DETAILS OF THE ISSUE TO PUBLIC

Type	Fresh Issue Size (Number of Shares)	OFS* Size (By no. of shares or by amount in Rs. Lakh)	Total Issue	Eligibility & Share Reservation among NII & RII
Fresh Issue	37,76,000 Equity Shares of Face Value of Rs.10/- each aggregating up to Rs. [●] lakhs	NIL	37,76,000 Equity Shares of Face Value of Rs. 10/- each aggregating up to Rs. [●] lakhs.	The Offer is being made pursuant to Regulation 229(2) of SEBI (ICDR) Regulations. For details of Share reservation among QIBs, NIIs and RIIs, see “Issue Structure” beginning on page 283.

BOOK RUNNING LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE

 <p>NARNOLIA FINANCIAL SERVICES LIMITED Address: 201, 2nd Floor, Marble Arch, 236 B A.J.C Bose Road, Kolkata, West Bengal- 700020, India Telephone: 033- 40501500; +91- 8130678743 Email: pankaj.passi@narnolia.com; ipo@narnolia.com Website: www.narnolia.com Contact Person: Mr. Pankaj Pasi SEBI Registration Number: INM000010791 CIN: U51909WB1995PLC072876</p>	 <p>SKYLINE FINANCIAL SERVICES PRIVATE LIMITED Address: D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020 Telephone: +91-11-40450193-97, Fax No: +91-11-26812683 Email: compliances@skylinerta.com Website: www.skylinerta.com Contact Person: Mr. Pawan Bisht SEBI Registration Number: INR000003241 CIN: U74899DL1995PTC071324</p>
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BID/ISSUE PERIOD

Anchor Bid opens on: [●]

Bid/ Issue open on: [●]

Bid/ Issue Closes on: [●]

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Contents

SECTION II - SUMMARY OF OFFER DOCUMENTS	5
SECTION III- RISK FACTORS	7
SECTION IV- INTRODUCTION	15
CAPITAL STRUCTURE	15
BASIS FOR ISSUE PRICE	16
SECTION V- ABOUT THE COMPANY	17
INDUSTRY OVERVIEW	17
OUR BUSINESS	20
OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS	21
OUR MANAGEMENT	22
OUR PROMOTERS	24
SECTION VI – FINANCIAL INFORMATION	25
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION.....	25
FINANCIAL INDEBTEDNESS	32
SECTION VII - LEGAL AND OTHER INFORMATION	33
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS	33
GOVERNMENT AND OTHER APPROVALS	38
SECTION X- OTHER INFORMATION	39
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	39
SECTION XI - DECLARATION.....	40



SECTION II - SUMMARY OF OFFER DOCUMENTS

SUMMARY OF RELATED PARTY TRANSACTIONS

The details of Related Party Transactions on the basis of restated financial statements are as Follows:

A	Related Parties and their Relationship
(i)	<u>Key Management Personnel</u>
1	Pratik Gupta
2	Varun Gupta
(ii)	<u>Relative of Key Management Personnel (having transactions with the company)</u>
1	Vinod Kumar Gupta
2	Ankita Gupta
3	Nikita Gupta
4	Kusum Gupta
(iii)	<u>Enterprises owned or significantly influenced by Key Management personnel or their relatives</u>
1	Yashash Commodities Pvt Ltd
2	Sonpankhi Shares & Securities Pvt. Ltd.
3	Associated Textile Industries Pvt. Ltd.
4	Proma Industries Ltd
5	YMC India Pvt Ltd
6	Deltech Instruments Private limited
7	Amama Jewels Private limited

Transactions with Related parties

(Amount in Lakhs)

PARTICULARS	For the Period ending 31 December 2023	For the Period ending 31st March 2023	For the Period ending 31st March 2022	For the Period ending 31st March 2021
Key Management Personnel				
Director Fees	22.00	24.00	24.00	24.00
Loan taken (Varun Gupta)	410.50	100.00	25.00	-
Loan Repaid (Varun Gupta)	410.50	100.00	25.00	-
Loan taken (Prateek Gupta)	-	-	-	15.00
Loan Repaid (Prateek Gupta)	-	-	-	19.55
Relative of Key Management Personnel				
Salary	30.00	24.00	24.00	24.00
<u>Loan Taken</u>				
Yashash Commodities Pvt Ltd	30.00	100.00	20.00	-
Associated Textile Industries Pvt. Ltd.	50.00	-	-	-
<u>Loan Repayment</u>				
Yashash Commodities Pvt Ltd	30.00	100.00	20.00	-
Associated Textile Industries Pvt. Ltd.	50.00	-	-	32.55
Sonpankhi Shares & Securities Pvt. Ltd.	-	-	-	90.88
Vinod Kumar Gupta	-	-	-	30.00



(V) Outstanding Balances

(Amount in Lakhs)

PARTICULARS	For the Period ending 31 December 2023	For the Period ending 31st March 2023	For the Period ending 31st March 2022	For the Period ending 31st March 2021
Key Management Personnel				
Varun Gupta (Remuneration Payable)	-	1.01	2.61	0.40
Other Related Parties				
Ankita Gupta (Salary Payable)	-	1.48	2.77	0.40

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SECTION III- RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties summarized below, before making an investment in our Equity Shares. The risks described below are relevant to the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapters titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page numbers 115 and 198, respectively, of this Draft Red Herring Prospectus as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in the section titled “Financial Information, as Restated” beginning on page number 169 of this Draft Red Herring Prospectus.

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

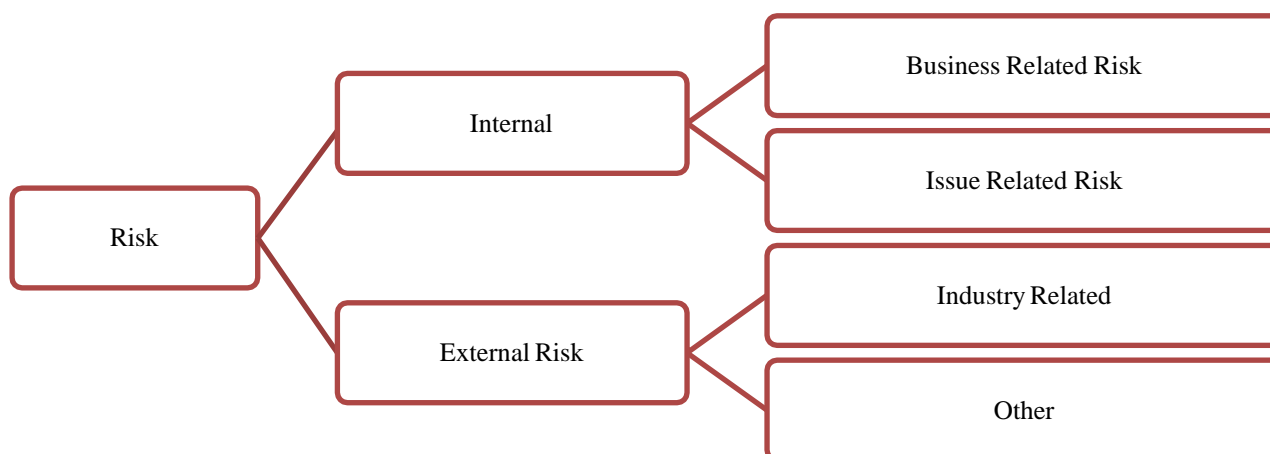
This Draft Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere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

Materiality

The Risk factors have been determined based on their materiality, which has been decided based on following factors:

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

Classification of Risk Factors





INTERNAL RISK FACTORS

The following risk factors shall be amended and updated in this Chapter:

2. Our Promoters is involved in certain legal proceedings/litigations. Any adverse decision in such proceedings may render us/them liable to penalties and may adversely affect our business and result of operations.

Our promoters are involved in certain legal proceedings/litigations. These proceedings and litigation pertain to tax proceedings. There are 3 pending tax proceedings against promoters. These proceedings are outstanding as on date of DRHP. Any adverse decision in such proceedings may render them liable to penalties and consequently will affect our reputation and our business. Further we cannot assure you that the amount so mentioned is final, these amounts are subject to the conclusion of these proceedings. The details of the proceedings along with amount involved is mentioned as follows:

Name	By/Against	Civil Proceedings	Criminal proceedings	Tax Proceedings	Actions by regulatory authorities	Amount involved (in INR)
Company	By	-	-	-	-	-
	Against	-	-	-	-	-
Promoters	By	-	-	-	-	-
	Against	-	-	3	-	29,370.00

For further details, refer to the chapter “Outstanding Litigation and Material Developments” beginning on page 211 of this Draft Red Herring Prospectus.

3. Majority of our state wise revenues from operations for the last 3 years is majorly derived from Himachal Pradesh. Any adverse developments affecting our operations in this state could have an adverse impact on our revenue and results of operations.

Our business operations span various regions across India. Despite this diversified presence, we have a significance dependency on Himachal Pradesh which contributes 87.92%, 94.06%, 87.17%, and 42.31% to our total revenue for the stub period ending on December 31, 2023, and the Financial Years ending on March 31, 2023, and March 31, 2022, respectively.

State	December 31, 2023		March 31, 2023		March 31, 2022		March 31, 2021	
	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue	Amount	% of total revenue
Himachal Pradesh	3719.02	87.92%	5393.34	94.06%	5036.59	87.17%	1751.09	42.31%

4. Our group companies are involved in certain legal proceedings/litigations. Any adverse decision in such proceedings may render us/them liable to penalties and may adversely affect our business and result of operations.

Few of our group companies are involved in legal proceedings. Certain civil and criminal litigations were filed by our group companies amounting to Rs. 410 crores. Further our group companies are involved in certain civil and tax proceedings that have been filed against them, amounting to Rs. 67 crores. Total number of proceedings which involves are group companies are 27 which consist of civil, criminal and tax proceedings. Any adverse decision in such proceedings may them liable to penalties. Further we cannot assure you that the amount so mentioned is final, these



amounts are subject to the conclusion of these proceedings. Though these proceedings cannot affect our company's business operation directly, however if these litigation or proceeding are decided against our group companies, the related party transactions between us can be affected.

The details of the proceedings along with amount involved is mentioned as follows:

Name	By/Against	Civil Proceedings	Criminal proceedings	Tax Proceedings	Actions by regulatory authorities	Amount involved (in INR)
Group Companies/Entities	By	2	5	-	-	4,10,01,34,081.00
	Against	6	-	14	-	67,68,70,861.00

For further details, refer to the chapter "Outstanding Litigation and Material Developments" beginning on page 211 of this Draft Red Herring Prospectus.

8. Certain of our corporate filings and records are not traceable, while certain corporate records have errors. We cannot assure that regulatory proceedings or actions will not be initiated against us in the future, and we will not be subject to any penalty imposed by the competent regulatory authority in this regard.

Certain of our Company's corporate regulatory filings and records are not traceable as the relevant information was not available in the records maintained by our Company or on the online portal of the Ministry of Corporate Affairs ("MCA Portal") or in the physical records available at the ROC details of which are mentioned as follows:

- The Company has allotted 15,000, 5 % cumulative redeemable preference shares on January 25, 2011, the corporate fillings of redemption of these shares are not traceable.
- The Company has allotted 72,000 preference shares on March 02, 2015, the corporate fillings and records of redemption of these shares are not traceable.

While information in relation to these corporate actions has been disclosed in the section "Capital Structure" on page 54, based on the available records including the ROC, resolutions of our Board, minutes of the meetings of our Board, to the extent available. We may not be able to furnish any further document evidencing such redemption or buy back of such shares.

Although we have initiated to take corrective actions for the errors mentioned above by making visits to concerned offices/ departments of registrar of companies.

We cannot assure you that the abovementioned corporate records will be available in the future or no legal proceedings, or regulatory actions will be initiated against our Company or that any fines will be imposed by regulatory authorities on our Company in this respect in the future.

09. Our company is dependent on one of its customers named PV Fibers LLP, who contributes significant portion of revenue of the company during the last 3 financial years and stub period. Any loss of business from this customer may adversely affect our revenues and profitability.

Our company sold its final product to various customers, "PV Fibers LLP" is one of them. The detail of the sale made to them is mentioned below:

Particular	Up to 31st December 2023	Financial Year 2022-2023	Financial Year 2021-2022	Financial Year 2020-2022
Revenue from operations	4229.86	5733.83	5777.70	4138.79
Sale to PV Fibers LLP' (Amount in lakhs in INR)	3684.22	4865.11	4377.57	1000.80
% of Revenue from	87.10%	84.85%	75.77%	24.18%



operations				
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**The % has been derived by dividing the total amount received from the abovementioned customers with the Revenue from operations of the company in the relevant year as mentioned in the Profit and Loss Statement as given in restated financials of the company.*

PV Fibers LLP has been one of the top 10 customers of our company in stub period and three preceding financial years. As mentioned in above table the substantial portion of our revenue from operations generates from PV Fibers LLP. Our company, thus, is dependent on it, for its sales. Uptill now we have been able maintain cordial relation with it, however we cannot assure you that the same will exist and be maintained in long run. In case of any conflict or change in commercial terms and conditions not acceptable to either of the parties or if we are unable to maintain the quality or meet the order commitment, we might lose one of our major customers, which will result significant reduction in revenue from operations which in turn will affect our profitability, liquidity, reduction in cash flows and overall growth of our business.

10. Our Top 10 Suppliers contribute a significant portion of our raw material consumption during the current and previous financial years. Any dispute with one or more of them may adversely affect our business operations.

Our company procures raw materials from various suppliers. As mentioned in the table provided herein below, around 50% to 60% of total raw material purchased is sourced from our top 10 suppliers. During the stub period i.e. 1st April 2023 to 31st December 2023 and in the financial year 2022 – 2023 our dependency rose to approx. 70% on our top 10 suppliers.

Though we have not faced any instances of difficulty in procuring the raw material. However, we cannot assure you that we will not face any such situations, or the procurement of raw material will be on commercially viable terms. Furthermore, any dispute with any of the suppliers may damage our relationship with existing and potential suppliers, and in any such event our operations will be adversely affected. Further it will also affect our profitability and reputation in the market. The details of raw material consumption from our top 10 suppliers for stub period and for 3 preceding financial year is mentioned as follows:

Particulars	For the period ended December 31, 2023	For the period ended March 31, 2023	For the period ended March 31, 2022	For the period ended March 31, 2021
Top 10 Suppliers	2542.52	3437.20	2419.05	2123.19
% of Raw material Consumption	68.20%	67.40%	44.06%	54.94%
Raw material Consumption	3728.15	5099.93	5490.84	3864.80

14. We require high working capital for our smooth day to day operations of business and any discontinuance or our inability to procure adequate working capital timely and on favorable terms may have an adverse effect on our operations, profitability and growth prospects.

Our business demands substantial funds towards working capital requirements. In case there are insufficient cash flows to meet our working capital requirement or we are unable to arrange the same from other sources or there are delays in disbursement of arranged funds, or we are unable to procure funds on favorable terms, it may result into our inability to finance our working capital needs on a timely basis which may have an adverse effect on our operations, profitability and growth prospects. The working capital requirement for the period ended on December 31, 2023, March 31, 2023, March 31, 2022, and March 31, 2021 is given below:

Particulars	For the period ended on December 31, 2023	For the Financial Year ended on March 31, 2023	For the Financial Year ended on March 31, 2022	For the Financial Year ended on March 31, 2021
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Current Assets				
Trade Receivables	660.87	196.10	197.74	200.42
Cash & Cash Equivalents	0.61	0.65	1.34	1.01
Inventories	634.26	485.49	211.47	504.02
Short term loans and advance	19.04	7.09	6.55	24.41
Other Current Assets	138.21	61.51	145.40	79.42
Total (A)	1452.99	750.84	562.5	809.28
Current Liabilities				
Short-Term Borrowings	775.07	298.04	339.51	382.33
Trade Payables				
(i) total outstanding dues of micro enterprises and small enterprises; and	233.95	27.49	25.51	13.10
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	181.93	312.43	195.26	279.68
Other Current Liabilities	69.31	78.28	65.46	131.15
Short-Term Provisions	96.83	79.12	2.08	0.02
Total (B)	1357.09	795.36	627.82	806.28
Net Working Capital (A)-(B)	95.90	(44.52)	(65.32)	3.00

17. Our Company may incur penalties or liabilities for non-compliances with certain provisions of the GST Act, ESI, PF, and other applicable laws in the past Years.

Our Company have incurred certain penalties for non-compliance with certain provisions including lapsed/ made delay in certain filings and/or erroneous filing/ non-filing of e-forms under GST, ESI, and PF and other applicable law in the past years. Such non-compliances/delay Compliances/ erroneous filing/ Non-Filing/ Non-Registration may incur the penalties or liabilities which may affect the results of operations and financial conditions of the company in near future.

Financial Year	Return Type	Return Period	Due Date	Filing Date	Delayed No. of days
GST Act					
Himachal Pradesh					
2021-22					
	GSTR3B	April	20-05-2021	21-05-2021	1
	GSTR3B	July	20-08-2021	23-08-2021	3
	GSTR3B	August	20-09-2021	23-09-2021	3
	GSTR3B	October	20-11-2021	22-11-2021	2
2020-21					
	GSTR-1	April	26-05-2020	11-06-2020	16
	GSTR-1	May	11-06-2020	16-06-2020	5
	GSTR-1	December	11-01-2021	12-01-2021	1
	GSTR3B	October	20-11-2020	21-11-2020	1
	GSTR3B	November	20-12-2020	21-12-2020	1
2019-20					



	GSTR-1	August	11-09-2019	16-09-2019	5
	GSTR-1	September	11-10-2019	18-10-2019	7
	GSTR-1	November	11-12-2019	12-12-2019	1
	GSTR-1	December	11-01-2020	13-01-2020	2
	GSTR-1	March	11-04-2020	05-06-2020	55
	GSTR3B	July	20-08-2019	21-08-2019	1
	GSTR3B	August	20-09-2019	26-09-2019	6
	GSTR3B	September	20-10-2019	08-11-2019	19
	GSTR3B	October	20-11-2019	28-11-2019	8
	GSTR3B	November	20-12-2019	04-01-2020	15
	GSTR3B	December	20-01-2020	31-01-2020	11
	GSTR3B	January	20-02-2020	27-02-2020	7
	GSTR3B	March	20-04-2020	05-06-2020	46
	GSTR9	Annual	28-02-2021	30-03-2021	30
	GSTR9C	Annual	28-02-2021	30-03-2021	30
EPF Act					
2023-24					
		January	15-02-2024	16-02-2024	1
2021-22		June	15-07-2021	21-07-2021	6
		September	15-10-2021	18-10-2021	3
		October	15-11-2021	23-11-2021	8
		December	15-01-2022	19-01-2022	4
2020-21		April	15-05-2020	16-05-2020	1
		December	15-01-2021	16-01-2021	1
2019-20		June	15-07-2019	16-07-2019	1
		July	15-08-2019	16-08-2019	1
		August	15-09-2019	21-09-2019	6
ESI Act					
2023-24		September	15-10-2023	17-10-2023	2
		November	15-12-2023	16-12-2023	1
		January	15-02-2024	16-02-2024	1
2022-2023					
		May	15-06-2022	22-06-2022	7
		June	15-07-2022	16-07-2022	1
		August	15-09-2022	20-09-2022	5
2021-22					
		June	15-07-2021	20-07-2021	5
		July	15-08-2021	16-09-2021	32
		August	15-09-2021	29-09-2021	14
		September	15-10-2021	19-10-2021	4
		October	15-11-2021	30-11-2021	15
		February	15-03-2022	17/03/2022	2
2020-21					
		April	15-05-2020	03-06-2020	19

		May	15-06-2020	22-06-2020	7
		July	15-08-2020	24-08-2020	9
		September	15-10-2020	20-10-2020	5
		October	15-11-2020	19-11-2020	4
		December	15-01-2021	27-01-2021	12
		January	15-02-2021	19-02-2021	4
		March	15-04-2021	03-05-2021	18
2019-20					
		April	15-05-2019	17-05-2019	2
		June	15-07-2019	16-07-2019	1
		July	15-08-2019	21-08-2019	6
		August	15-09-2019	19-09-2019	4
		October	15-11-2019	18-11-2019	3
		December	15-01-2020	20-01-2020	5
		January	15-02-2020	20-02-2020	5
		February	15-03-2020	21-03-2020	6
		March	15-04-2020	03-06-2020	49

The reasons for such delay was attributable to the operational issue, such as website glitch or change in respective online portal, there was delay in filling of the GST and EPF and ESI returns. However, we have paid the due amount along with interest to comply with the provisions of the law. Although, the Company has taken following steps to address such delays such as:

1. Training and development sessions for the staff.
2. Collaboration with tax consultants and legal advisors, wherever required.

18. Our company's Board of Directors does have any experience of listed companies.

Our company's Board of Directors consists of both executive and non-executive directors, and neither of our executive directors does have any experience of listed companies. This inexperience gives rise risks including not limited to compliance risk making us more prone to fines and penalties or notices from regulatory authorities which in turn give rise to reputational risk and governance risk. Furthermore, directors may not provide effective guidance or give erroneous disclosures or intimation as required.

To lessen the effects of this risk and considering the importance of board diversity and background of directors to make quality contributions we have appointed Independent Directors which are either currently holding a position in listing entity or were holding a position of Director or Key Managerial Personnel, thus bring on board their current and past experience of working of listed entities, will assist the executive directors in facing the challenges arising from their inexperience.

28. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage or accurately report our financial risk

Internal controls are checks and measures providing reasonable assurance about the achievement of objectives set by the board of the company, ensuring integrity of financial and other reporting and helping in detection and prevention of frauds. There are chances of circumventing such controls due to collusion or human error.

Even though our company has not encountered any instances of failure of the internal control system during the preceding 3 financial years or during the stub period, we cannot provide assurance that such instances will not occur in the near future. We also cannot be assured that efficiency and effectiveness of internal control will be always maintained or we will be able to implement adequate measures to rectify or mitigate any such deficiencies in internal control. If internal control weaknesses are not identified or necessary changes are not carried out, it may adversely affect our business, results of operations and financial condition.



29. Documentary evidence of one of our directors with respect to the work experience is not available.

Mr. Manoj Kumar, Non-Executive Director of our Company w.e.f. April 01, 2024. He started his professional career in, “Home Care Enterprises” in Parvanu Himachal Pradesh where he worked there for 4 years, and his role involved managing installation and operations of D2H Connections for Videocon. Thereafter in 2013 he joined “Excel Marketing Enterprises”, managing installations and Operations for Airtel D2H connections in Shimla. However, the documentary evidence pertaining to these work experiences is not available.

30. We are subject to various labour laws or other industry standards and any strike, work stoppage, Lock-out or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition and results of operations.

Since our company is a manufacturing concern, we require a lot of manpower in carrying out our manufacturing process and thereby we are subject to numerous labor laws for the protection of labor. Though, there have been no instances of strike, work stoppage, Lock-out or increased wage demand by the employees or any kind of industrial action during last 3 years or stub period, we cannot assure that the same will not happen in future or if happens will be resolved in timely manner. In the event of any strike, lock outs, work stoppage, increased wage demand or any action from labor or other industrial action in the future because any such action could adversely affect our business, results of operation and financial condition and reputation in the market.

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SECTION IV- INTRODUCTION

CAPITAL STRUCTURE

NOTES TO THE CAPITAL STRUCTURE

3. History of Paid-up Capital of our Company

S. No.	Date of Allotment	No. of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Cumulative Paid-up Capital (Rs.)	Cumulative Securities premium (Rs.)
1.	On Incorporation	10,000	10	10	Cash	Subscription to MOA	10,000	1,00,000	Nil
2.	22.03.2020	49,00,000	10	10	Cash	Right Issue	49,10,000	4,91,00,000	Nil
3.	*02.12.2023	42,857	10	21	Other than Cash	Conversion ***	49,52,857	4,95,28,570	Nil
4.	09.03.2024	3,12,500	10	64	Cash	Private Placement	52,65,357	5,26,53,570	1,68,75,000
5.	05.06.2024	52,65,357	10	N.A.	Other than Cash	Bonus Issue	1,05,30,714	10,53,07,140	Nil

* Our company had allotted 42,857 equity shares dated December 02, 2023, pursuant to conversion of preference shares. The company had allotted 90,000 Non-Cumulative Compulsorily Convertible Preference Shares dated March 22, 2020, on preferential basis to our promoter cum shareholders. Since they were compulsory convertible preference shares, the company converted them by issuing requisite equity shares dated December 12, 2023, ranking pari passu with existing equity shares at Rs. 21/-, determined by valuation report of Registered Valuer named Subodh Kumar (IBBI Registered Valuer), Registration No: IBBI/RV/05/2019/11705, dated October 23, 2023.

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BASIS FOR ISSUE PRICE

Key financial and operational performance indicators (“KPIs”)

4. Comparison of KPI with listed industry peers.

Particulars	Divyadhan Recycling Industries Limited				Ganesha Ecosphere Ltd			
	Dec-23	Mar-23	Mar-22	Mar-21	Dec-23	Mar-23	Mar-22	Mar-21
Revenue From Operation ⁽¹⁾	4229.86	5733.83	5777.70	4138.79	73,817.23	113,285.92	102,235.46	75,113.56
Growth in Revenue from Operation ⁽²⁾	-	(0.76%)	39.60%	-	-	10.81%	36.11%	-
EBITDA ⁽³⁾	553.57	506.67	289.64	252.13	8,915	14,028.45	12,886.60	9,548.70
EBITDA Margin ⁽⁴⁾	13.09%	8.84%	5.01%	6.09%	12.08%	12.38%	12.60%	12.71%
PAT ⁽⁵⁾	270.85	216.18	52.91	22.89	4,155	7,331.93	6,954.65	4,518.64
PAT Margin ⁽⁶⁾	6.40%	3.8%	0.9%	0.6%	5.63%	6.47%	6.80%	6.02%
Net Worth ⁽⁸⁾	1124.08	853.23	637.05	584.14	-	65,335.13	58,403.71	51,882.60
ROCE ⁽⁹⁾	32.21%	0.25%	0.10%	0.07%	-	16.89%	16.47%	12.40%
Current Ratio ⁽¹⁰⁾	1.07	0.94	0.90	1.00	-	1.70	1.96	2.21
EPS ⁽¹²⁾	5.47	4.32	1.06	0.47	19.04	33.59	31.86	20.70

Note: Data for listed peer, Ganesha Ecosphere Limited is on the basis:

- a) 9 Months - Unaudited Report for standalone financial results for nine-month period ending December 31, 2023, available on NSE and BSE.
- b) The financial data of FY ended March 2024, March 2023, March 2022 - Annual Reports of the company available on NSE and BSE.

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SECTION V- ABOUT THE COMPANY

INDUSTRY OVERVIEW

RECYCLED PELLETS INDUSTRY

Plastic Pellets Market was valued at US\$ 8.04 Bn. in 2023 and is expected to reach US\$ 11.47 Bn. by 2030, at a CAGR of 5.20% during the forecast period. The plastic pellets market has witnessed significant growth in recent years, driven by the increasing demand for plastic products across various industries. Plastic pellets, also known as plastic resins or granules, are small, solid particles used as raw materials in the production of plastic products. They are typically made from different types of polymers such as polyethylene (PE), polypropylene (PP), polyvinyl chloride (PVC), and polystyrene (PS).

Plastic pellets are the fundamental building blocks of the plastic manufacturing industry. These small, cylindrical or spherical particles serve as the starting point for the production of a wide range of plastic products, including packaging materials, automotive components, consumer goods, construction materials, and more. The pellets are melted and molded into various shapes to create the final plastic products.

The plastic pellets market is poised for steady growth in the coming years, driven by factors such as the increasing demand for plastic products, technological advancements in plastic manufacturing processes, and the growing awareness of environmental sustainability. The market is characterized by intense competition among key players, who are focusing on innovation, strategic partnerships, and expansion to gain a competitive edge.

Market Drivers

1. **Growing End-Use Industries:** The expansion of industries such as packaging, automotive, electronics, and construction is driving the demand for plastic pellets.
2. **Lightweight and Cost-Effective:** Plastic pellets offer advantages such as lightweight, durability, and cost-effectiveness compared to other materials, making them highly desirable for manufacturers.
3. **Versatility and Customization:** Plastic pellets can be easily molded into various shapes and sizes, allowing manufacturers to customize products according to specific requirements.
4. **Technological Advancements:** Advancements in plastic manufacturing processes, including innovative additives and recycling techniques, are fueling market growth.

Market Restraints

1. **Environmental Concerns:** The plastic pellets industry is facing increasing criticism due to environmental concerns surrounding plastic waste and pollution, leading to regulatory pressures and a shift towards sustainable alternatives.
2. **Volatility in Raw Material Prices:** Fluctuations in the prices of crude oil and natural gas, which are key raw materials for plastic production, can impact the cost of plastic pellets and pose a challenge to market players.
3. **Recycling Challenges:** The recycling of plastic pellets poses challenges due to the presence of different polymer types and the need for efficient sorting and processing techniques.
4. **Competitive Landscape:** The market is highly competitive, with numerous players vying for market share, leading to price wars and margin pressures.

Market Opportunities

1. **Sustainable Alternatives:** The growing demand for sustainable products and packaging solutions presents opportunities for the development and adoption of bio-based plastics and recycled plastic pellets.
2. **Emerging Markets:** Rapid industrialization and urbanization in emerging economies offer significant growth opportunities for the plastic pellets market, as these regions experience increased demand for plastic products.
3. **Technological Innovations:** Continuous research and development efforts to enhance plastic properties, improve recycling processes, and develop innovative additives open avenues for market growth and differentiation.



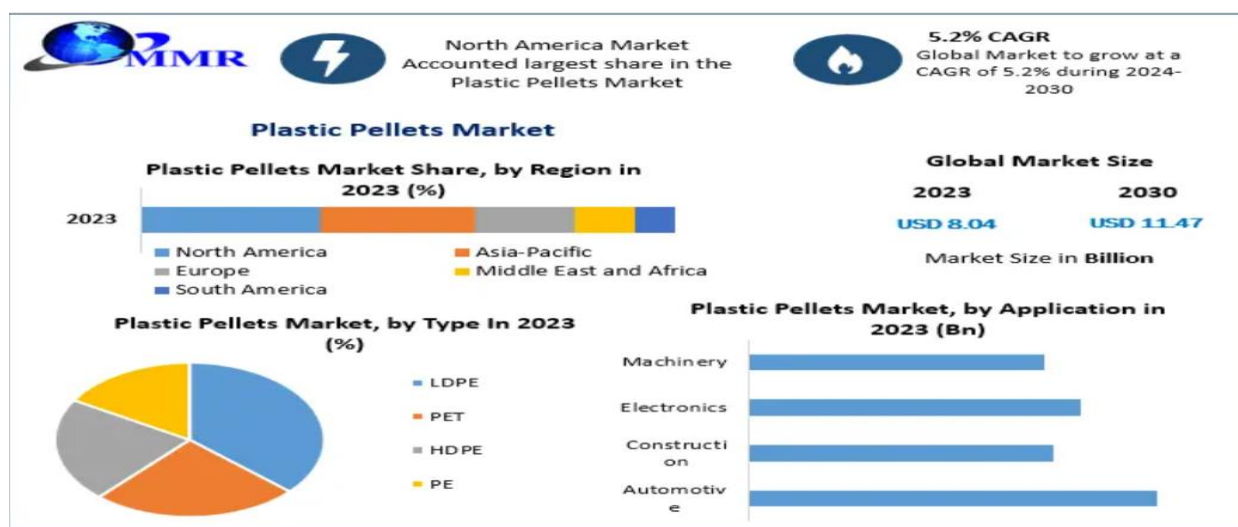
4. **Circular Economy Initiatives:** The shift towards a circular economy, which focuses on reducing waste and promoting recycling, presents opportunities for the plastic pellets market to collaborate with stakeholders and participate in closed-loop recycling systems.

Regional Analysis

1. **North America:** The North American market for plastic pellets is driven by the demand from industries such as packaging, automotive, and electronics. The region has strict regulations regarding plastic waste management and is witnessing increased adoption of sustainable alternatives.
2. **Europe:** Europe is at the forefront of environmental sustainability initiatives, leading to a significant demand for recycled plastic pellets and bio-based plastics. The region is also investing in advanced recycling technologies.
3. **Asia Pacific:** The Asia Pacific region is experiencing rapid industrialization and urbanization, resulting in increased demand for plastic products. Countries like China and India are major contributors to the growth of the plastic pellets market in this region.
4. **Latin America:** Latin America is witnessing strong growth in the construction and packaging sectors, driving the demand for plastic pellets. The region is also adopting sustainable practices and investing in recycling infrastructure.

Plastic Pellets Market Segment Analysis

Global market is segmented by type, by application and by region. In terms of type, the global market is segmented into LDPE, PET, HDPE, PE, PVC, PP and others. Automotive, construction, electronics, machinery, packaging and others are application segments of the global market. Geographically, global market into North America, Europe, Asia Pacific, Middle East & Africa and Latin America.



SWOT ANALYSIS

STRENGTHS <ul style="list-style-type: none">a) Wide range of applications and end-use industries.b) Technological advancements in plastic manufacturing processes.c) Customization options and versatility of plastic pellets.	WEAKNESSES <ul style="list-style-type: none">a) Environmental concerns and regulatory pressures.b) Volatility in raw material prices.c) Recycling challenges and sorting complexities.
OPPORTUNITIES	THREATS <ul style="list-style-type: none">a) Intense competition and price wars.

a) Development and adoption of sustainable alternatives. b) Growth in emerging markets. c) Technological innovations and additive advancements	b) Shift towards alternative materials. c) Changing consumer preferences towards eco-friendly products
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Market Key Trends

- **Growing Demand for Recycled Plastic Pellets:** The increasing emphasis on environmental sustainability has led to a rising demand for recycled plastic pellets, driving the growth of this segment in the market.
- **Bio-based Plastics as an Alternative:** Bio-based plastics, derived from renewable sources, are gaining traction as a sustainable alternative to traditional plastics, offering opportunities for market players to expand their product offerings.
- **Technological Innovations in Additives:** Ongoing research and development efforts are focused on developing advanced additives that enhance the properties of plastic pellets, such as improved strength, heat resistance, and biodegradability.
- **Integration of IoT and Automation:** The integration of Internet of Things (IoT) technology and automation in plastic manufacturing processes enables better quality control, optimization of production efficiency, and reduction in wastage.

Covid-19 Impact

The Covid-19 pandemic had a mixed impact on the plastic pellets market. While the initial phase of the pandemic led to disruptions in the supply chain and decreased demand due to lockdowns and restrictions, the subsequent increase in e-commerce activities, packaging requirements, and demand for healthcare products created opportunities for market recovery.

Key Industry Developments

- **Collaboration for Recycling Initiatives:** Several industry players have collaborated with recycling companies and government bodies to invest in recycling infrastructure, develop efficient recycling techniques, and promote the use of recycled plastic pellets.
- **Expansion into Emerging Markets:** Key market players are expanding their presence in emerging markets such as Asia Pacific and Latin America, capitalizing on the growing demand for plastic products and the increasing industrialization in these regions.
- **Research and Development Investments:** Market participants are investing in research and development activities to develop sustainable alternatives, improve plastic properties, and enhance recycling technologies.

Source: <https://www.maximizemarketresearch.com/market-report/global-plastic-pellets-market/16572/> and <https://markwideresearch.com/plastic-pellets-market/>

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OUR BUSINESS

BUSINESS OVERVIEW

The promoters of our company acquired the company from initial promoters (subscribers to the memorandum of association) in the year 2013-14, since then till FY 2015 – 2016, the company was looking for better opportunities to acquire land and building, plant and machinery to start its manufacturing facility. In the year 2015 – 16, the company came across and acquired a distressed asset from the Axis Bank under SARFESI Act, 2002 and it took almost 2 years to get all the necessary approvals and sanctions from many departments in such as pollution board, electricity department, fire and water department to get the manufacturing facility operational and commence its production. In the year, 2018-19 the company finally started its operations.

OUR MANUFACTURING PROCESS FOR RECYCLED POLYESTER STAPLE FIBER

Bailing: The threads are chopped into the appropriate staple length as soon as they emerge from the spinnerets, readying the recycled staple fiber. After that, a device known as a baler is used to compress these staple fibers. The fiber is compressed by the machine so that big, rectangular blocks known as bales are created. After that, in order to keep the bales compact and transport them to our clients, they are packed and secured with wire and straps.

OUR BUSINESS STRATEGY

Customer Acquisition: The company initially faced challenges in attracting buyers due to intense competition in the industry. We took a proactive approach by gathering customer reviews and using that feedback we started improving the quality of their products. Besides this we were also analyzing and studying the market dynamics. After some time, the company successfully gained more buyers and established a good reputation in the industry. Offering competitive pricing strategies to attract price-sensitive customers in the competitive industry is one of our strategies followed for customer acquisition.

HUMAN RESOURCE

Our company employs 23 contractual workers as on date of this RHP. The company initially took registration of contractual employees dated June 25, 2020 which was valid for a year i.e. June 24, 2021. However, with the enactment of Contract Labour (Regulation and Abolition) Himachal Pradesh Amendment Act, 2020, coming into force on 9th day of July 2020, the threshold limit for registration for employing contract employees increased from 20 to 30. Thus, currently even though we have employed contractual employees, we are not required to take registration for engaging contractual employees.

UTILITIES & INFRASTRUCTURE FACILITIES

Manner of Storage of Raw Material: The company has a huge storage shed in the factory situated at Baddi, Himachal Pradesh. The company always keeps raw material for at least 15 days of production. By having a buffer stock of raw materials, the company can continue its production even if there are temporary disruptions in the supply chain.

INSURANCE

Insurer	Type of Policy	Policy No.	Expiry	Sum Insured (Amount in rupees)
Bajaj Allianz General Insurance Company Ltd	Standard Fire and Special Perils Cover	OG-25-1101-4094- 00000040	July 02, 2025	44,01,00,000.00
	Burglary and Robbery Cover			



OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

BACKGROUND OF THE PROMOTERS

- 1) **Mr. Varun Gupta** is the promoter and Managing Director of our Company. He has been appointed as Managing Director of the Company w.e.f. January 23, 2024. He holds a bachelor's degree in engineering from University of Pune and also did his master's in business administration from Cass Business School, London, United Kingdom. He has an experience of 13 years in Pharmaceutical Industry and Recycle Polymer fibre. He has been associated with our company since 2016 as a director. He leads all marketing functions, creation of brand awareness, customer acquisition through strategic planning and execution. He effectively manages resources and collaborate with stakeholders. His role involved developing medium- and long-term business strategies.
- 2) **Mr. Pratik Gupta** is the Promoter and Director of our Company. He has been associated with our company as a director of the Company w.e.f. April 14, 2013. He holds a Bachelor of Engineering (Honours) in Systems Engineering from University of Warwick. He has overall experience of more than 10 years in the Recycled Polymer industry. He is responsible for looking all day-to-day activities and ensuring product standards are maintained and providing direction to the operations team, overseeing all aspects of day-to-day operations of the Company.

KEY EVENTS AND MILESTONES:

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

Year	Particulars
2010	The company was incorporated by the previous promoters Mr. Prakash Padnamabh Pillai & Mr. Padmanabh Gopal Pillai in the year 2010 under the name and style Divyadhan Consultants Private Limited under Companies Act, 1956.
2013-2014	As on 14.04.2013, the erstwhile promoters sold the company by transferring their 5000 shares each to Pratik Gupta and Ritika Gupta.
2015-2016	As on 22.02.2016, Ms. Ritika Gupta sold her 5000 shares constituting 50% of paid-up share capital to Mr. Varun Gupta. Since then both Pratik Gupta and Varun Gupta have been the promoter of the company.
2015-2016	In the year 2016, the company acquired a distress asset in accordance with the provisions of SARFESI Act, 2002, The asset includes Factory Land & Building, Plant & Machinery and other movable Assets plant and machinery from Axis Bank Ltd.
2018-2019	In the year 2018-2019, The company started doing production by manufacturing Recycled Polyester staple Fiber and achieved turnover INR. 9.6 cr approximately.
2023-2024	Our company changed its name from "Divyadhan Consultants Private Limited" to "Divyadhan Recycling Industries Private Limited". Thereafter, in December 2023, the company passed special resolution for conversion from Private Limited to Public Limited Company. In March 2024, the Registrar of Company Mumbai, approved conversion of the company from Private Limited to Public Limited and issued fresh certificate of incorporation dated March 02, 2024.

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OUR MANAGEMENT

BRIEF PROFILE OF THE DIRECTORS OF OUR COMPANY

- 1) **Mr. Varun Gupta** is the promoter and Managing Director of our Company. He has been appointed as Managing Director of the Company w.e.f. January 23, 2024. He holds a bachelor's degree in engineering from University of Pune and also did his master's in business administration from Cass Business School, London, United Kingdom. He has an experience of 13 years in Pharmaceutical Industry and Recycle Polymer fibre. He has been associated with our company since 2016 as a director. He leads all marketing functions, creation of brand awareness, customer acquisition through strategic planning and execution. He effectively manages resources and collaborate with stakeholders. His role involved developing medium- and long-term business strategies.
- 2) **Mr. Pratik Gupta** is the Promoter and Director of our Company. He has been associated with our company as a director of the Company w.e.f. April 14, 2013. He holds a Bachelor of Engineering (Honours) in Systems Engineering from University of Warwick. He has overall experience of more than 10 years in the Recycled Polymer industry. He is responsible for looking all day-to-day activities and ensuring product standards are maintained and providing direction to the operations team, overseeing all aspects of day-to-day operations of the Company.
- 3) **Mr. Manoj Kumar** is the Non-Executive Director of our Company w.e.f. April 01, 2024. He did his diploma in electronics from the Institute of Electronics situated in Solan, Himachal Pradesh. In 2019 he joined Divaydhan Recycling Industries Limited (formerly known as Divaydhan Consultants Private limited) where he was appointed as "Purchase Manager" involving negotiations and dealings with vendor and arranging for supply chain. However, in August 2023, he resigned from the company. Considering his experience and understanding of the recycling and textile industry over these 4 years, our Company appointed Mr. Manoj Kumar as Non-Executive Director of the company w.e.f. April 01, 2024. Also refer Risk Factor 29 under the chapter Risk factor of this Red Herring prospectus.

CHANGES IN THE BOARD FOR THE LAST THREE YEARS

Save and except as mentioned below, there had been no change in the Directorship during the last three (3) years:

Name of Director	Date of Event	Reason for Change
*Ms. Ankita Pratik Gupta	01/04/2024	Resigned from the Directorship
*Ms. Nikita Gupta	01/04/2024	Resigned from the Directorship

**The reason for the resignation of the Directors mentioned on page 147 of DRHP is that the directors could not continue due to some personal and unavoidable circumstances which led them to resign from the directorship in our company*

KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

Name	:	Mr. Varun Gupta
Designation	:	Managing Director
Education Qualification		Bachelor's degree in engineering and Master's In Business Administration
Overall Experience	:	He has an experience of 13 years in Pharmaceutical Industry and Recycle Polymer fibre.
Name	:	Mr. Pratik Gupta

Designation	:	Chief Financial Officer
Education Qualification	:	Bachelor of Engineering with Honours in System Engineering
Overall Experience	:	He has an experience of around 10 years in Polymer Recycling space
Name	:	Mr. Pramod Kumar Gupta
Designation	:	Company Secretary and Compliance Officer
Education Qualification	:	Company Secretary and is a PhD holder
Overall Experience	:	40 years in finance and textile industry

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OUR PROMOTERS

Brief Profile of Our Promoters is as under:

Mr. Varun Gupta is the promoter and Managing Director of our Company. He has been appointed as Managing Director of the Company w.e.f. January 23, 2024. He holds a bachelor's degree in engineering from University of Pune and also did his master's in business administration from Cass Business School, London, United Kingdom. He has an experience of 13 years in Pharmaceutical Industry and Recycle Polymer fibre. He has been associated with our company since 2016 as a director. He leads all marketing functions, creation of brand awareness, customer acquisition through strategic planning and execution. He effectively manages resources and collaborate with stakeholders. His role involved developing medium- and long-term business strategies.

Mr. Pratik Gupta is the Promoter and Director of our Company. He has been associated with our company as a director of the Company w.e.f. April 14, 2013. He holds a Bachelor of Engineering (Honours) in Systems Engineering from University of Warwick. He has overall experience of more than 10 years in the Recycled Polymer industry. He is responsible for looking all day-to-day activities and ensuring product standards are maintained and providing direction to the operations team, overseeing all aspects of day-to-day operations of the Company.

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SECTION VI – FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

STUB PERIOD ENDED DECEMBER 31, 2023 (BASED ON RESTATED STANDALONE FINANCIAL STATEMENTS)

Particulars	Stub Period 31 Dec, 2023	FY 2023	FY 2022	FY 2021
Revenue from Operations	4,229.86	5,733.83	5,777.70	4,138.79
Other Income	253.53	81.69	203.82	294.43
Total Income	4,483.39	5,815.51	5,981.52	4,433.22
Total Operating expenses	3,929.82	5,308.85	5,691.88	4,181.09
EBITDA	553.57	506.67	289.64	252.13
EBITDA Margin	12.35%	8.71%	4.84%	5.69%
PAT	270.85	216.18	52.91	22.89
PAT Margin	6.04%	3.72%	0.88%	0.52%

Revenues

- Total Income:**

Total Income for the period ended December 31, 2023, stood at Rs. 4,483.39 Lakhs.

- Revenue from operations:**

Revenue from operation for the period ended December 31, 2023, stood at Rs. 4,229.86 Lakhs which is 94.35% of the Total Income.

(Amount in Lakhs, except%)

Particulars	Revenue	%age
Recycle Fiber	4,007.33	94.74%
Recycled Pellets	88.55	2.09%
Pet Flakes	5.40	0.13%
Sale of Scrap	44.53	1.05%
EPR Certificates	84.06	1.99%
Total	4,229.86	100.00%

Sale of Recycled Pellets & EPR Certificates has happened for the first time in stub period 31st December 2023.

- Other Income**

Other Income for the period ended December 31, 2023 stood at Rs. 253.53 Lakhs which is 5.65% of the Total Income.

(Amount in Lakhs, except%)

Particulars	Other Income	%age
Interest Received	0.34	0.13%
Commission Income	61.58	24.29%
Government Grant	190.52	75.15%
Balance W/Off	1.09	0.43%
Total	253.53	100.00%

Restated Profit after Tax

Restated profit after tax for the period ended December 31, 2023, stood at Rs. 270.85 Lakhs which is 6.04% of the Total Income. The profit for the period is 6.40% of Revenue from Operations.



The main reason of increase in PAT margin is due to receipt of government grant considered under head Other Income. The company has received a government grant under Industrial Development Scheme (IDS) from the government amounting to Rs. 1.32 crores. Under this scheme, the government provides a grant of 30% of the investment in Plant & Machinery to the manufacturing unit set up in the state of Himachal Pradesh.

Note: The below comparison has been made based on Profit Before Tax (PBT) for better clarity.

Table 1: Profit & Loss for FY 2023 & Stub period 31st December 2023 (without Other Income)

Particulars	Amount (Rs. Lakhs)		%age of Total Income		Change
	Stub Period 31 st Dec 2023	FY 2023	Stub Period 31 st Dec 2023	FY 2023	
Revenue from Operations	4,229.86	5,733.83	100.00%	100.00%	-
Other Income	-	-	-	-	-
Total Income	4,229.86	5,733.83	100.00%	100.00%	-
Operational Expenses	3,929.82	5,308.85	92.91%	92.59%	0.32%
Depreciation	129.56	150.27	3.06%	2.62%	0.44%
Financial Cost	49.08	56.33	1.16%	0.98%	0.18%
PBT	121.40	218.38	2.87%	3.81%	(0.94)%

Table 2: Profit & Loss for FY 2023 & Stub period 31st December 2023 (including Other Income)

Particulars	Amount (Rs. Lakhs)		%age of Total Income		Change
	Stub Period 31 st Dec 2023	FY 2023	Stub Period 31 st Dec 2023	FY 2023	
Revenue from Operations	4,229.86	5,733.83	94.35%	98.60%	4.25%
Other Income	253.53	81.69	5.65%	1.40%	(4.25)%
Total Income	4,483.39	5,815.51	100.00%	100.00%	-
Operational Expenses	3,929.82	5,308.85	87.65%	91.29%	(3.63)%
Depreciation	129.56	150.27	2.89%	2.58%	0.31%
Financial Cost	49.08	56.33	1.09%	0.97%	0.18%
PBT	379.93	300.07	8.36%	5.16%	3.20%

If we examine the tables, we can observe the differences between Table 1 and Table 2. Table 1 shows the Profit and Loss for the stub period ending December 31, 2023, and the financial year 2023, excluding Other Income. In contrast, Table 2 includes Other Income.

It is evident from the percentages that the significant increase in Profit Before Tax (PBT) is primarily due to the impact of Other Income. In Table 1, there is a 0.94% difference between the stub period and FY 2023, with the PBT margin being lower during the stub period. This difference is largely attributed to increased depreciation, as the company acquired assets worth over Rs. 2 Crores during the stub period compared to Rs. 1.3 Crores in FY 2023, leading to a higher depreciation rate.

Similarly, in Table 2, when Other Income of Rs. 253.53 Lakhs & Rs. 81.69 Lakhs is included in Stub period 31st Dec 23 and FY 2023 respectively, the PBT for the stub period increases by nearly 3.20% compared to FY 2023. This indicates that the Other Income comprises items that have contributed to this increase.

Table 3: Breakup of Other Income

Particulars	Stub Period 31 st Dec 2023	FY 2023
-------------	---------------------------------------	---------

Government Grant	190.52	60.98
Commission Income	61.58	0.00
Interest Received	0.34	0.59
Forex Gain	0.00	2.13
Balance Write off	1.09	16.69
GRS Certification Charges	0.00	0.09
Interest on Income Tax	0.00	0.25
PMRPY/ PMGKY Benefit (PF)	0.00	0.96
Total Other Income	253.53	81.69

Under the head Other Income, 2 major income from other sources i.e. Government Grant & Commission Income forms the majority of portion.

a. Government Grant

GST Reimbursement

- In accordance with Himachal Pradesh Industrial Investment Policy, 2019 dated 16th August, 2019, The New Industrial Enterprises are eligible for reimbursement of 50% of Net SGST paid to the State Government of Himachal Pradesh for a period of 7 years up to a maximum limit of 80% of Fixed Capital Investment.
- For the stub period it was Rs. 57.75 Lakhs & for FY 2023, it was Rs. 60.98 Lakhs.

Capital Investment Incentive

- Under IDS Scheme, all eligible new Industrial units in manufacturing sector and service sector located anywhere in the state of Himachal Pradesh & Uttarakhand will be provided Central Capital Investment Incentive for access to credit (CCIIAC) @ 30% of the investment in Plant & Machinery with an upper limit of Rs. 500.00 Lakhs
- The company had applied for the same as on 17th Day of November, 2020 and received an approval letter from Director of Industries dated 24th August, 2021. The amount of incentive approved by the department was Rs. 132.98 Lakhs i.e. 30% of Investment in Plant & Machinery of Rs. 443.28 Lakhs which was received by the company as on 23rd October, 2023 and thus booked in the other income.

b. Commission Income

In stub period 31st December 2023, the company earned commission income of Rs. 59.10 lakhs from Eppendrop India Pvt. Ltd ("EIPL"). EIPL was able to secure orders from various clients through the connections and expertise of directors of our company.

FISCAL ENDED MARCH 31, 2023, COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2022 (BASED ON RESTATED FINANCIAL STATEMENTS FISCAL YEAR MARCH 31, 2023 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2022 BASED ON RESTATED FINANCIAL STATEMENTS)

Revenues

• **Total Income**

Total Income for the Financial Year 2022-23 stood at Rs. 5,815.51 Lakhs whereas in Financial Year 2021-22 it stood at Rs. 5,981.52 Lakhs representing a decrease of 2.78%.

Reason: The capacity utilization in FY 2022 was 6,978.85 Metric Tonnes, representing 86.91%, whereas in FY 2023, it decreased to 6,688.28 Metric Tonnes, or 83.29%. Despite this 3.62% reduction in capacity utilization, the revenue from operations remained nearly the same between the two fiscal years. This indicates that although revenue from operations was Rs. 5,733.83 Lakhs in FY 2022 and Rs. 5,777.70 Lakhs in FY 2023, the capacity utilization decreased.



This was primarily due to an increase in the sale price per unit of output, which rose from approximately Rs. 80 in FY 2022 to around Rs. 85 in FY 2023.

Further, the prices of recycled fibres range from Rs. 65 to Rs. 110 per kg depending upon quality and availability and pricing of raw material. Some fibers that trade at higher rates is extremely difficult to manufacture with very few players who are able to supply regularly the fiber of premium quality. Our Company is a key player in the Fibre market where we manufacture majorly two types of fibres, Hollow & Solid. Hollow Fibre which is used in industries like home furnishing, mattresses, furniture, cushions, toys etc. is typically more difficult to make than Solid Fibers which is used in industries like moisture insulation, filters, layers, and rope production. Thus, because of the quality of Hollow fiber and industry it caters to allows it to demand higher rate than Solid Fibers. Our company has made significant strides in establishing the product portfolio for the Hollow Fibers under which the process of manufacturing requires for the machines to operate at a bit slower speed to ensure the quality. The production output may reduce a bit but it is offset by the higher pricing from market. The reduction in production is natural consequence of manufacturing Hollow Fiber over SOLID Fiber. Also, the company is still fulfilling orders of Solid Fiber but only for the premium varieties of solid Fiber.

Additionally, Other Income for FY 2023 saw a significant decline compared to FY 2022. It dropped from Rs. 203.82 Lakhs in FY 2022 to Rs. 81.69 Lakhs in FY 2023, with the major reductions occurring in Government Grants and Commission Income. As a result, the decrease in Other Income in FY 2023 has contributed to a decline in the company's Total Income.

• Revenue from operations

Revenue from operation for the Financial Year 2022-23, stood at Rs. 5,733.83 Lakhs whereas in Financial Year 2021-22 it stood at Rs. 5,777.70 Lakhs representing a decrease of 0.76%.

Reason: Revenue from operation decrease primarily because of decrease in sales of goods in domestic as compared to previous financial year. Revenue breakup of the same is as follows:

Particulars	FY 2023	%age	FY 2022	%age
Recycle Fiber	5,694.22	99.31%	5,616.06	97.20%
Pet Flakes	5.59	0.10%	-	-
PET Recycling by Bottles	-	-	112.74	1.95%
Sale of Scrap	34.02	0.59%	48.90	0.85%
Total	5,733.83	100.00%	5,777.70	100.00%

• Other Income

Other Income for the Financial Year 2022-23, stood at Rs. 81.69 Lakhs whereas in Financial Year 2021-22 it stood at Rs. 203.82 Lakhs representing a decrease of 59.92%.

Reason: This was primarily due to a significant decrease in commission income, which was 59.10 lakhs in FY 2021-22 and nil in FY 2022-23, as well as a decrease in grants, which were 143.07 lakhs in FY 2021-22 and 60.98 lakhs in FY 2022-23.

Particulars	FY 2023	FY 2022
Government Grant	60.98	143.07
Commission Income	0.00	59.10
Interest Received	0.59	0.84
Forex Gain	2.13	0.00
Balance Write off	16.69	(0.00)
GRS Certification Charges	0.09	0.00
Interest on Income Tax	0.25	0.82
PMRPY/ PMGKY Benefit (PF)	0.96	0.00

Total Other Income	81.69	203.82
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Expenditure

• Total Expenses

Total Expenses for the period ended March 31, 2023, stood at Rs. 5,515.45 Lakhs whereas in FY ended March 31, 2022 it stood at Rs. 5,909.26 Lakhs representing a decrease of 6.66%.

Reason: The decrease is on account of the decrease in Cost of Material Consumed, Finance costs and other expenses. Decrease and their respective change is as follows:

Particulars	FY 2023	%age of Total Income	(Amount in lakhs, except %)	
			FY 2022	%age of Total Income
Cost of Material Consumed + Change in Inventory	5,097.04	87.65%	5,482.13	91.65%
Employee Expenses	96.52	1.66%	85.52	1.43%
Other Expenses	115.28	1.98%	124.22	2.08%
Finance Costs	56.33	0.97%	75.69	1.27%
Depreciation	150.27	2.58%	141.69	2.37%
Total Expenses	5,515.45	94.84%	5,909.26	98.79%

• Cost of Material Consumed (including change in inventory)

Cost of Material Consumed including change in inventory for the year ended March 31, 2023, stood at Rs. 5,097.04 Lakhs which represents 87.65% of Total Income whereas in year ended March 31, 2022 it stood at Rs. 5,482.13 Lakhs which represents 91.65% of Total Income. This represents a decrease of 4.10%.

Reason: The Cost of Material Consumed has decreased as a %age of Revenue from Operations by 6% and 4.10% as %age of Total Income. This is due to the fact that the Average Selling Price of each kg of fiber had increased by 6% i.e. from Rs. 80 per kg to Rs. 85 per kg.

• Restated Profit after Tax

Profit after tax for the year ended March 31, 2023 was Rs. 216.18 Lakhs i.e. 3.72% of Total Income and for year ended March 31, 2022 was Rs. 52.91 Lakhs i.e. 0.88% of Total income. The reason for increase in PAT for the periods is as follows:

The company was able to generate incremental revenue per unit sale price of output goods from ~Rs. 80 per kg to ~Rs. 85 per kg. Thus, if we take an effective increase in sales i.e. Rs 5 per kg on sales over sales price of Rs. 85 per Kg. i.e. 5.88%. Also, we if take into consideration the raw material, it has stayed at approximately Rs. 55 per kg. If we take both things into consideration, the benefit of Operational Expenses could be catered by this increase in per unit sale of finished goods.

Particulars	FY 2023	FY 2022
Revenue from Operations (Rs. Lakhs)	5,733.83	5,777.70
Operational Expenses (Rs. Lakhs)	5,308.85	5,691.87
%age of Revenue from operations	92.59%	98.51%
Net Change	5.99%	

Table 1 : Profit & Loss for FY 2023 & FY 2022 (without Other Income)

Particulars	Amount (Rs. Lakhs)	%age of Revenue from Operations	Change
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	FY 2023	FY 2022	FY 2023	FY 2022	
Revenue from Operations	5,733.83	5,777.70	100.00%	100.00%	-
Total Income	5,733.83	5,777.70	100.00%	100.00%	-
COGS	5,097.04	5,482.13	88.89%	94.88%	(5.99)%
Employee & Others	211.81	209.74	3.69%	3.63%	0.06%
EBITDA	424.98	85.82	7.41%	1.49%	5.93%
Depreciation	150.27	141.69	2.62%	2.45%	0.17%
Financial Cost	56.33	75.69	0.98%	1.31%	(0.33)%
PBT	218.38	(131.56)	3.81%	(2.28)%	6.09%

Table 2: PBT including other income

Particulars	Amount (Rs. Lakhs)	
	FY 2023	FY 2022
PBT	218.38	(131.56)
Other Income	81.69	203.82
PBT (including Other Income)	300.07	72.26
Total Income (including other Income)	5,815.51	5,981.52
PBT Margin	5.16%	1.21%
Effective Change	3.95%	

If we analyze Table 1, the increase in Profit Before Tax (PBT) is primarily due to an improved gross margin at the operational level, driven by an increase in the sale price per unit of finished goods. A cumulative rise of approximately 6% in the sales price has directly contributed to the higher Gross Margin at the cost of goods sold (COGS) level. When examining other items before EBITDA, such as employee costs and other expenses, there is only minor fluctuation, given that the capacity utilization has not increased. Additionally, the company's purchase of assets has led to higher depreciation, and the repayment of borrowings has resulted in lower financial costs.

In Table 2, it's important to note that the PBT margin (including Other Income) shows a variance of only 3.95%, compared to a 6% variance in Table 1. This 2% difference is due to a decrease in Other Income in FY 2023. The key differences in Other Income for FY 2023 are attributed to a lack of commission income, which was received in FY 2022 but not in FY 2023, and a reduction in government grants.

FISCAL YEAR ENDED MARCH 31, 2022 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2021 (BASED ON RESTATED STANDALONE FINANCIAL STATEMENTS)

Revenues

- Total Income**

Total Income for the Financial Year 2021-22, stood at Rs. 5,981.52 Lakhs whereas in Financial Year 2020-21 it stood at Rs. 4,433.22 Lakhs representing an increase of 34.92%.

- Revenue from operations**

Revenue from operation for the Financial Year 2021-22, stood at Rs. 5,777.70 Lakhs whereas in Financial Year 2020-21 it stood at Rs. 4,138.79 Lakhs representing an increase of 39.60%.

Reason: Revenue from operation increased primarily because of an increase in sales of goods as compared to previous financial year. Revenue breakup of the same is as follows:

Particulars	FY 2022	%age	FY 2021	%age
Recycle Fiber	5,616.06	97.20%	3,925.99	94.86%
PET Recycling by Bottles	112.74	1.95%	156.80	3.79%
Sale of Scrap	48.90	0.85%	56.01	1.35%
Total	5,777.70	100.00%	4,138.79	100.00%

• Other Income

Other Income for the Financial Year 2021-22, stood at Rs. 203.82 Lakhs whereas in Financial Year 2020-21 it stood at Rs. 294.43 Lakhs representing a decrease of 30.78%.

Reason: The major decrease was due to decrease in commission income which was Rs. 227.43 Lakhs in FY 2021 and reduced to Rs. 59.10 Lakhs in FY 2022. Though there was increase of Grant on GST which increased from Rs. 63.66 Lakhs in FY 2021 to Rs. 143.07 Lakhs in FY 2022.

Particulars	FY 2023	FY 2021
Government Grant	143.07	63.66
Commission Income	59.10	227.43
Interest Received	0.84	0.39
Balance Write off	(0.00)	2.84
Interest on Income Tax	0.82	0.11
Total Other Income	203.82	294.43

Expenditure

• Total Expenses

Total Expenses for the Period ended March 31, 2022, stood at Rs. 5,909.26 lakhs whereas in FY ended March 31, 2021 it stood at Rs. 4,402.10 Lakhs representing an increase of 34.24%.

Reason: The increase is on account of increase in cost of material consumed and depreciation and amortization expenses. Increase and their respective percentage wise change on year-on-year basis as follows:

(Amount in Lakhs, except%)

Total Expenses	FY 2022	%age of Total Income	FY 2021	%age of Total Income
Cost of Material Consumed + Change in Inventory	5,482.13	91.65%	3,906.65	88.12%
Employee Expenses	85.52	1.43%	88.50	2.00%
Other Expenses	124.22	2.08%	185.94	4.19%
Finance Costs	75.69	1.27%	88.74	2.00%
Depreciation	141.69	2.37%	132.27	2.98%
Total Expense	5,909.26	98.79%	4,402.10	99.30%

• Restated Profit/(Loss) after Tax

Our Restated profit after tax increased significantly by Rs. 30.02 Lakhs from Rs. 22.89 Lakhs in FY ended March 31, 2021 to Rs. 52.91 Lakhs for the FY ended March 31, 2022.

It should be noted that PAT margin for the company for FY 2022 in relation to Revenue from operations was 0.92% wherein in FY 2021 it was 0.55%.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit after tax	52.91	22.89
PAT Margin as %age of Revenue from Operations	0.92%	0.55%

The major reason for the same is that the company's Operational expense for the FY 2022 is 98.51% wherein the same was 101.02% in FY 2021. If we discuss upon other income, the same was Rs. 294.43 Lakhs in FY 2021 & Rs. 203.82 Lakhs in FY 2022. A decrease of 90 Lakhs in Other income in FY 2022 kept the margins at 0.92%.



FINANCIAL INDEBTEDNESS

Secured Loans

(Rs. in Lakhs)

Name of persons/companies	Loan Amounts	Rate of Interest	Nature of Tenure	Outstanding as on December 31, 2023	Purpose of Loan	Type of Loan
Axis Bank Ltd	975	Repo + 2.25%	12 Months	774.81	For Working Capital	Secured- OD Limit
Axis Bank Ltd	214	Repo + 2.25%	12 Months	0.26	For Working Capital	Secured- DLOD Limit
Axis Bank Ltd	42	Repo + 2.25%	12 Months	37.67	For Working Capital	MSME Loan
Axis Bank Ltd	72	Repo + 2.25%	12 Months	68.07	For Capital Expenditure	Term Loan
Axis Bank Ltd	21	Repo + 2.25%	12 Months	16.75	For Capital Expenditure	Term Loan
Axis Bank Ltd	71	Repo + 2.25%	12 Months	69.89	For Capital Expenditure	Term Loan

Unsecured Loans

(Rs. in Lakhs)

Name of persons/companies	Loan Amounts	Rate of Interest	Nature of Tenure	Purposes for which loan is taken	Outstanding as on December 31, 2023
NIL					

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SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

1. LITIGATION INVOLVING OUR COMPANY

a) Litigation proceedings against our Company

4. Tax Proceedings

Set out herein below are details of pending tax cases involving our Company under Income Tax Act 1961:

- a) Notice issued with Notice/ Communication Reference ID: 100077334740 under section 143(1)(a) for proposing adjustments to the total income for assessment year: 2023-24.*

The notice above mentioned is an “Issue Letter” as displayed on the income tax portal. This issue letter just communicates that the company had paid the tax liability under Self-Assessment tax in the previous assessment year 2023-24. For current assessment year i.e. the company has to make payment of tax liability by opting for advance tax instead of opting self-assessment tax.

The tax liability accruing for the assessment year 2023-24 has been paid. Currently, the status of the same is pending on income tax portal.

- b) Notice issued with Document Identification Number (DIN): EFL/2223/G22/ITR000468803404 under section 143(1)(a) for proposing adjustments to the total income for assessment year: 2022-23.*

On filing of return by the assessee under Income Tax Act, 1961, the details furnished by the assessee is computed and verified by “Central Processing Centre”. The CPC processes the return filed and generates the intimation under section 143(1). The notice specifies the tax amount payable or refund due as per income tax department.

This notice was issued on account of difference arising as per the information filed by the company and the information available with the income tax department. The said notice is linked with *case (g)* where the company had paid the complete demand as raised by the income tax department. Currently, the status of the same is pending on income tax portal.

Since the status of the notice is pending on the portal, and final intimation order has not yet been received.

- c) Penalty Proceedings Initiated via Notice u/s 272A(1)(d) with Notice/ Communication Reference ID 100044711379 for assessment year 2022-23. where it was required to show cause as to why an order imposing penalty of Rs. 10,000/- per default u/s 272A(1)(d) of the Income-tax Act, 1961 should not be passed.*

The current status of the proceeding is pending. However, there is no further demand raised by the Company.

- d) Defective Notice issued for filing defective return under section 139(9) for assessment year 2017-2018. The current status of the proceeding is pending.*

For the assessment year 2017-18, the company initially filed the return. Such return was found defective or incomplete on Income Tax Portal dated March 2018. The IT department gave reminders dated March 12, 2018, and April 11, 2018, giving the opportunity to the company to file the complete and correct return. However, our company failed to furnish the return, thus on February 7, 2019, the department declared invalid return as per section 139(9). Further the IT Department have not raised any demand for this period, which is reflected in all further communication from IT Department. However, the status of the notice is pending as shown on income tax portal.



- e) Defective Notice for filing defective return issued under section 139(9) for assessment year 2013-2014. The current status of the proceeding is pending.***

Our company filed its income tax return for assessment year 2013-14. On processing, the income tax department found it to be defective or incomplete, thus issued notice under section 139(9) for the assessment year 2013-14. The company filed the responses or return in due course, which was accepted by the department. The department processed the same with no demand and refund dated July 25, 2014. Currently the status of the notice is pending on income tax portal. Although, the intimation order stating no demand or refund is pending or payable.

- f) Demand Notice Issued Under sec 245/245(1) read with sec 141(1) For Rs 10,000/- with Demand Reference number 2022202040410214744C with demand order date 26-Aug-2022.***

This demand is with regard to the assessment year 20-21. In response to that above notice the company has made the payment of Rs. 10,000/-. Currently the status of the notice is pending on income tax portal.

- g) Demand Notice Issued Under sec 245/245(1) read with the incomecomecomecome41(1) For Rs 2,92,170/- with Demand Reference number 2022202237151595855C with demand order date 21-Feb-2023.***

In reference to case (b), the company received the demand notice under section sec 245/245(1) read with sec 141(1) whereby the demand of Rs 2,92,170/- was raised. This amount consists of both tax component and the interest accrued. The company has paid the demand raised for the assessment year 2022-23.

2. LITIGATION INVOLVING OUR PROMOTERS

4. Tax Proceedings

Notices issued against Pratik Gupta having PAN: ALMPG3000F

There are two notices showing in the tab “e proceeding” but both the notices relate to same income tax return filed for assessment year 2017-2018, issued to Pratik Gupta under section under section 143(1)(a). As per the notices there was difference in the income as filed under return and the amount reflected in 26AS. On various submissions consisting of rectification returns filed, the said rectified return was accepted with no demand and refund. The intimation order was made dated February 28, 2020.

However, the portal has not been updated thus still showing pending under the tab “e proceedings”. The intimation order dated February 28, 2020, is available on the portal which shows that rectification has been processed with no demand or refund.

Notices issued against Varun Gupta having PAN: AKIPG7734K

- a) Demand Notice issued under section 131(1)(a) for amount of Rs. 23,990/-.**

A demand notice was issued for assessment year 2021-22 amounting to Rupees. 23,900. The promoter, Varun Gupta, has paid the amount of demand raised.

- b) Demand Notice issued under sec 245/245(1)(a) for amount of Rs. 5,380/- with Demand Reference number 2019201937057688176T.**

In respect to above demand notice issued under sec 245/245(1)(a) bearing Demand Reference number 2019201937057688176T making demand of Rs. 5,380/-, the same was adjusted by the department in lieu of refund arising.

LITIGATION INVOLVING OUR GROUP COMPANIES

Notices issued against Proma Industries Limited having PAN number AAACP6230G:

1. **Demand Notice Issued Under sec 245/245(1) read with sec 141(1) For Rs 27,600/- with Demand Reference number 2021201937001818736C with demand order date 13-Jun-2021.**

The company received a demand notice under section 245/245(1) read with sec 141(1) for Rs 27,600/-. As per general rule whenever a company receives demand notice either the demand has to be paid either in cash or it gets deducted from the refund, if any, accruing to the company from Income tax department. The same was deducted from the subsequent refund accruing to the company. There is no further demand raised by the company with regards to the same. Currently it is showing pending on income tax portal.

2. **Notice for Adjustment u/s 143(1)(a) issued with Document Identification Number (DIN): CPC/1920/G22/1967866933 with remarks Schedule BP, Row no A5 Amount in Income Tax Return Amount as computed Variance on account of Proposed adjustment Income/receipt credited to profit and loss account (included in 1) which is Exempt, amount being Rs 6,03,189/- for assessment year 2019-20.**

The amount of Rs.6,03,189/- was adjusted by the income tax department while assessing income for the A.Y. 2019-2020. The assessment order passed where demand due was processed dated June 13, 2021. Currently the status of the notice has not been updated by the income tax department on their portal and is showing pending.

3. **Notice for Adjustment u/s 143(1)(a) issued with Communication Reference No. CPC/1819/G22/1875795305 with remarks Any sum received from employees as contribution to any provident fund or superannuation fund or any fund set up under ESI Act or any other fund for the welfare of employees to the extent not credited to employees account on or before the due date) amount being Rs 24,254/- for assessment year 2018-19**

The notice was just an intimation pertaining to adjustment to be made with respect to an expense deducted on account of ESI Act or any other fund for the welfare of employees. The same was disallowed as mentioned in intimation order. Currently the status of the notice is showing pending on income tax portal.

4. **Defective Notice issued under section 139(9) for assessment year 2017-2018, with Return Acknowledgement number: 283538331011117. The status of the proceeding is it is pending.**

This notice is for the assessment year 2017-18, and the revised return pursuant this notice has been filed and the refund has been credit with respect to the same AY. The status of notice is still showing pending on income tax portal.

Notices issued against Sonpankhi Shares and Securities Private Limited having PAN number AAACY4848D:

- a) **First Appeal Proceedings pending for assessment year: 2005-06. And Notice issued under section 250 for hearing with Notice/ Communication Reference ID: 100070532688 and Document reference ID ITBA/APL/F/APL_1/2023-24/1058351192(1) of the Income-tax Act,1961.**

Refund pending from income tax department Rs.67,033/- as per last order. In addition to this the company applied for increasing the refund for an expense of Rs.90,000/- which was not given effect by income tax department even after appeal order. The process is still pending for getting a refund of R.67,033/- and adjustment of expense of Rs.90,000/- which income tax department has not given effect so far. However, currently the status of the notice is open on income tax portal.



Notices issued against Yashash Commodities Private Limited having PAN AAACY1309F:

- a) Demand rose to 26,790/- Demand Reference No:2019200740403028650C for assessment year 2007-2008.

The response was submitted on 31.08.2023 as per the income tax site itself. Thereafter the demand as per site itself is nil. For interest portion also representation was made on 31.08.2023 and thereafter there is no further communication from the department with regard to same. However, currently it is showing pending on income tax portal.

- b) Notice for Adjustment u/s 143(1)(a) issued with Communication Reference No. CPC/1819/G22/1875795305 with remarks The claim of set off of current year loss shown in part -BTI is not consistent with the loss computed in the schedules of the corresponding heads of Income OR priority of set off of the current year loss is not consistent with the provisions of the act. Amount mentioned being Rs 10,91,322/- for assessment year 2019-20.

The notice issue date is 14.02.2020, while subsequently the income tax department has passed assessment order u/s 143(1) dated 29.02.2020 whereby neither any amount is refundable from income tax department, nor any amount tax liability is payable.

GST Notices issued against PROMA INDUSTRIES LIMITED having GST No. 27AAACP6230G1ZN:

- a) GST Notice issued with reference number ZA270423199011Qu/s 46 for not filing return with date of issuance 27/04/2023 and due date 12/05/2023.

This notice was issued on account of delay in filing of GSTR-3B for the March 2023. The company has filed the return dated May 09, 2023.

- b) GST Notice issued with reference number ZA270323185720L u/s 46 for not filing return with date of issuance 25/03/2023 and due date 09/04/2023.

This notice was issued on account of delay in filing of GSTR-3B for the February 2023. The company has filed the return dated March 31, 2023.

- c) Show Cause Notice issued with Reference No. ZD270524061129C with case IDAD2705240117637U/s 73(1) of CGST/MGST Act R/w Section 20 of IGST Act, date of issuance being 28/05/2024 here The Maharashtra Department of Goods and Services Tax issued a Show Cause Notice to M/s Proma Industries Ltd for discrepancies identified during an audit for the financial year 2019-20. The notice details numerous issues including a significant drop in turnover, unexplained deductions, mismatches in tax liability, and improper claims of Input Tax Credit (ITC). Specific issues involve a liability difference of Rs 102,120 between GSTR 1 and GSTR 3B, unaccounted credit notes and debit notes, underpaid IGST, and ITC claimed from non-filers. The notice demands explanations and the payment of due taxes, interest, and penalties for these discrepancies, emphasizing the legal requirements under sections 16 and 37 of the CGST/MGST Act. The total amount due from various discrepancies includes taxes, interest, and penalties, which the taxpayer must address to avoid further legal consequences, following these discrepancies total tax/penalty liability amounts to Rs. 7,72,27,880/- (in INR). No, reply filed by taxpayer against DRC 01A issued, base grounds been 1) Difference in the liability accepted in GSTR 1 for FY 2019-20 and the liability actually paid in GSTR 3B. 2) Interest on reversal of ITC. 3) Unexplained deduction of 4.14 Lac from the taxable Turn Over in GSTR 9C 4) no credit notes have been furnished for verification. 5) Turnover Difference between GSTR 1, GSTR 3B & GSTR 9/9C. The current status of notice is pending for reply by taxpayer.

The assessment is ongoing. The required submissions (papers) were submitted to the Authority, and the observation of the assessing officer were made to the company dated 01.08.2024.

- d) Notice for intimating discrepancies in return in Form GST ASMT-10 issued with reference number



ZD270623055868U, date of issuance being 29/06/2023 that As per section 61 (1) there is discrepancies found in the GST returns for period 2017-18 (as per rule 99) Liability counted to Rs 12,61,487/-.

On issuance of notice the company made various submissions on various occasions. After final order the final demand of Rs.8,866/- was issued dated 31.12.2021 for period 2017-2018. The same was paid on 05.01.2022.

- e) Notice for intimating discrepancies in return in Form GST ASMT-10 issued with reference number ZD2701220717894, date of issuance being 25/01/2022 that as per section 61(1) there is a discrepancy found in the GST Returns for period 2018-19 (as per rule 99) Liability amounts to Rs 82,20,073/-.**

The final order for period 2018-2019 dated April 24, 2023 was issued for payment of Rs.4,11,562/-. The payment was made and the receipt of which is as acknowledged by Deputy commissioner of State tax, Mumbai dated April 24, 2023.

- f) Notice issued with reference id ZD2701220105035 and case id AD270122007627DU/s 73, Rule 142 (1A) Liability amounts to 8,866/-.**

This notice is in reference to case no. d where the notice was issued in relation to payment of 8,866/-. The same was paid on 05.01.2022.

- g) Notice for intimating discrepancies in return in Form GST ASMT-10 issued with reference number ZD2707210269374, that as per section 61(1) there is a discrepancy found in the GST Returns for period 2017-18 which is attached herewith (as per rule 99) liability risk amounts to Rs 23,99,400/- (In INR).**

The final demand of Rs.8,866/- was issued dated 31.12.2021 for period 2017-2018 as mentioned point no. d and point f.

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GOVERNMENT AND OTHER APPROVALS

AGREEMENTS WITH NSDL AND CDSL

- 1) The Company has entered into an agreement dated August 05 2024, with the National Securities Depository Limited (NSDL), and the Registrar and Transfer Agent, who, in this case, is “Skyline Financial Services Limited” for the dematerialization of its shares.

TAX RELATED AUTHORISATIONS OF COMPANY

S No.	Authorization Granted	Issuing Authority	Registration No./Reference No./License No.
1.	*Maharashtra State Tax on Professions, Trades, Callings and Employments Act,1975.	Sales Tax Department	*99582186761P

**Note: The company had Professional tax registration from April 18, 2014. The application for change of name in Professional Tax registration has been filed and is pending for processing.*

BUSINESS RELATED CERTIFICATIONS

Our Company has received the following significant government and other approvals pertaining to our business:

S No.	Authorization Granted	Issuing Authority	Registration No./Reference No./License No.
1.	Maharashtra shop and Establishments (Regulations of Employment and conditions of Service) Act ,2017	Department of Labour	820350770 / L Ward/COMMERCIAL II
2.	Global Recycled Standard (Version 4.0)	Bureau Veritas Consumer Products Services Inc	BVC-TE-BVIN0009-GRS-2408-20000149-V1.0

S. No.	Authorization Granted	Issuing Authority	Previous Certificate Number	Current Status
1.	ISO 14001:2015 (Environmental Management System)	TUV SUD South Asia Private Limited	9910401233	**The application is in process for renewal.

*** For ISO 14001:2015 (Environmental Management System) certificate, the company was scheduled for audit dated August 03, 2024. However, the same was postponed to a future date. The revised audit dates are August 27, 2024 and August 28, 2024.*

S. No.	Issuing Authority	Application Number	Date of Application for renewal	Current Status
1.	Consent to Establish/Operate/Renewal the Industry under Air (Prevention & Control of Pollution) Act, 1981	12159640	July 11, 2024	The application is in process for renewal.
2.	Consent to Operate/Renewal the industrial plant/plants under Water (Prevention & Control of Pollution) Act, 1974	12159640	July 11, 2024	The application is in process for renewal.



SECTION X- OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

MATERIAL CONTRACTS

11. The resolution related to Key Performance Indicator (KPI) is passed by the audit committee dated June 10, 2024.

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SECTION XI - DECLARATION

We, hereby declare that, all the relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities Exchange Board of India Act, 1992, as the case may be, have been complied with no statement made in the Draft Red Herring Prospectus is contrary to the provisions of Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations/guidelines issued, as the case may be. We further certify that all the statements made in the Addendum to Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company				
S.N.	Name	Category	Designation	Signature
1.	Varun Gupta	Executive	Managing Director	Sd/-
2.	Pratik Pramod Gupta	Executive	Director	Sd/-
3.	Manoj Kumar	Non-Executive	Director	Sd/-
4.	Satish Chandra Sharma	Non-Executive	Independent Director	Sd/-
5.	Priyanka Agarwal	Non-Executive	Independent Director	Sd/-
Signed by the Chief Financial Officer and Company Secretary of our Company				
7.	Pratik Pramod Gupta	Full-time	Chief Financial Officer	Sd/-
8.	Pramod Kumar Gupta	Full-time	Company Secretary	Sd/-

Place: Mumbai, Maharashtra

Date: September 06, 2024