



ENVIROTECH SYSTEMS LIMITED

CIN: U31101DL2007PLC159075

Our Company was originally incorporated as “*Envirotech Gensets Private Limited*” as a Private Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated February 09, 2007, issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Pursuant to a special resolution passed by our Shareholders in the Extra-Ordinary General Meeting held on June 01, 2009, the name of our Company was changed to “*Envirotech Systems Private Limited*” and a fresh certificate of incorporation dated June 10, 2009 was issued to our Company by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Subsequently, pursuant to a special resolution passed by our Shareholders in the Extra-Ordinary General Meeting held on May 04, 2022, our Company was converted from a private limited company to public limited company and consequently, the name of our Company was changed to “*Envirotech Systems Limited*” and a fresh certificate of incorporation dated June 03rd, 2022 was issued to our Company by the Registrar of Companies, NCT of Delhi and Haryana. The Corporate Identification Number of our Company is U31101DL2007PLC159075. For details of change in registered office of our Company, please refer to chapter titled “History and Corporate Structure” beginning on page no. 139 of this Draft Red Herring Prospectus.

Registered Office: A-29, Block-A, Shyam Vihar Phase-I, Delhi, India, 110043, **Corporate Office:** B1a 19 1st Flr, Sec 51 Noida, Uttar Pradesh, India, 201301 **Contact Person:** Ms. Pallvi Sharma, Company Secretary & Compliance Officer.

Tel. No.: 0120-4337633 / 4337439; **E-mail:** cs@envirotechltd.com; **Website:** www.envirotechltd.com;

OUR PROMOTER: MR. MANOJ KUMAR GUPTA AND MS. SINDHU GUPTA

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED APRIL 29, 2024: NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC ISSUE OF UPTO 54,00,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH OF ENVIROTECH SYSTEMS LIMITED (“ESL” OR “OUR COMPANY”) FOR CASH AT A PRICE OF [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF [●] PER EQUITY SHARE) (“ISSUE PRICE”) AGGREGATING TO [●] LAKHS, OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF [●] AGGREGATING TO [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER (“MARKET MAKER RESERVATION PORTION”) AND NET ISSUE TO PUBLIC OF [●] EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF [●] AGGREGATING TO [●] LAKHS (HEREINAFTER REFERRED TO AS THE “NET ISSUE”) THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

* Subject to finalization of Basis of Allotment.

THE PRICE BAND WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER (“BRLM”) AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER I.E. [●], ALL EDITIONS OF THE HINDI NATIONAL NEWSPAPER AND REGIONAL EDITION OF THE REGIONAL NEWSPAPER WITH WIDE CIRCULATION, AT LEAST 2 (TWO) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE WITH THE RELEVANT FINANCIAL RATIOS CALCULATED AT THE FLOOR PRICE AND THE CAP PRICE AND SHALL BE MADE AVAILABLE TO THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (“NSE”, REFERRED TO AS THE “DESIGNATED STOCK EXCHANGE”) FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE.

Potential Bidders may note the following:

1. In Chapter titled “- **Summary Of Draft Red Herring Prospectus**” beginning on Page 17 of the Draft Red Herring Prospectus has been updated to insert the details related to pending litigation against member of promoter group as suggested by the NSE.
2. In Chapter titled “**Risk Factor**” beginning on Page 22 of the Draft Red Herring Prospectus has been updated to insert a new risk factor at number 2 regarding litigation against the member of promoter group and at number 9 regarding restated financial statements provided by peer review chartered accountants who is not statutory auditor of the Company and inserting a new risk factor regarding delayed filing of return at number 22 as suggested by the Exchange.
3. In Chapter titled “**Risk Factor**” beginning on Page 22 of the Draft Red Herring Prospectus has been updated to Change in sequence of risk factor number 23 and 31 to number 10 and 13 as suggested by the NSE.
4. The Chapter titled “**Objects of the Issue**” beginning on Page 84 of the Draft Red Herring Prospectus has been updated to insert the details related to purchase of land and building for setting up factory, working capital requirements and general corporate purposes as suggested by NSE.
5. Pictorial formatting in chapter titled “**Business Overview**” beginning page 119 of the Draft Red Herring Prospectus has been modified as suggested by NSE.
6. Details related to capacity utilisation of the Company has been inserted in the chapter titled “**Business Overview**” beginning page 119 of the Draft Red Herring Prospectus as suggested by NSE.
7. Details of Export Revenue break has been rectified in chapter titled “**Business Overview**” beginning page 119 of the Draft Red Herring Prospectus as suggested by NSE.
8. Product wise Revenue breakup for the last 3 years has been inserted in the chapter titled “**Business Overview**” beginning page 119 of the Draft Red Herring Prospectus as suggested by NSE.
9. Details of Immovable Property has been updated in the chapter titled “**Business Overview**” beginning page 119 of the Draft Red Herring Prospectus as suggested by NSE.
10. The Chapter titled “**Our Management**” beginning on Page 132 of the Draft Red Herring Prospectus has been updated to modify the profile of Directors of company i.e. Rakesh Gupta, Sindhu Gupta, Gaurav Bajpai and Sachin Kumar and KMP (CFO) of the Company Ashok Kumar Shekhawat as suggested by NSE.
11. In Chapter titled – “**Restated Financial Statement**” beginning on Page 172 of the Draft Red Herring Prospectus has been updated to insert the Annexure-G related depreciation of Fixed Assets as suggested by the NSE.
12. The Chapter titled “**Management Discussion And Analysis Of Financial Condition And Results Of Operations**” beginning on page no 205 of the Draft Red Herring Prospectus has been updated by inserting the rationale for an increase in total income of the company for FY 2022 and FY 2023, reason for the decrease in other expenses of the company from previous financial years to stub period, the comparative explanation for PAT Margins in F.Y. 2021-22 and F.Y. 2023 and stub period ended as on December 31, 2023 as suggested by NSE.
13. The Chapter titled “**Legal and Other Information**” beginning on Page 221 of the Draft Red Herring Prospectus has been updated to insert the details of litigation of member of promoter group (Mr. Prashant Gupta) as suggested by NSE.

The above is to be read in conjunction with the Draft Red Herring Prospectus and accordingly their references in the Draft Red Herring Prospectus stand amended pursuant to this Addendum. Please note that the changes pursuant to this Addendum will be appropriately included in the Prospectus, as and when filed with the RoC, the SEBI and the Stock Exchanges. All capitalized terms used in this Addendum shall, unless the context otherwise requires, have the meaning ascribed to them in the Draft Red Herring Prospectus.

Place: Delhi

On behalf of Envirotech Systems Limited

Sd/-

Ms. Pallvi Sharma

Company Secretary and Compliance Officer

Date: August 22, 2024

LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE

SHARE INDIA CAPITAL SERVICES PVT. LTD.

Address: A-15, Sector-64, Noida – 201301, Uttar Pradesh, India. Tel No.:

+91-0120-4910000

Email: kunal.bansal@shareindia.co.in Contact Person:

Mr. Kunal Bansal

Website: www.shareindia.com

SEBI Registration No.: INM000012537

BIGSHARE SERVICES PRIVATE LIMITED

Address: 302, Kusal Bazar, Nehru Place, New Delhi, Delhi - 110019

Tel. No.: 011-42425004

Email: ipo@bigshareonline.com

Website: www.bigshareonline.com Contact Person: Mr. Babu Rapheal C SEBI

Registration No.: MB/INR000001385

BID/ISSUE PROGRAMME

ANCHOR INVESTOR BIDDING DATE	[•]
BID/ISSUE OPENS ON	[•]
BID/ISSUE CLOSES ON	[•]

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SECTION II - SUMMARY OF DRAFT RED HERRING PROSPECTUS

G. SUMMARY OF OUTSTANDING LITIGATION ARE AS FOLLOWS:

A summary of pending legal proceedings and other material litigations involving our Company, Directors, Promoters, members of Promoter Group is provided below:

Cases against our company director and promoters/promoter group:

Nature of Cases	No of Outstanding Cases	Amount Involved (₹ In Lakhs)
Civil Cases	1 *	1.13
Criminal Complaints	-	-
Statutory/ Regulatory Authorities	-	-
Taxation Matters		
--TDS Demand	-	-
--Income Tax Demand (U/s 143)	-	-
Other Litigation	-	-

**Note: For defaulted on the loan by member of promoter group*

SECTION III – RISK FACTORS

INTERNAL RISK FACTORS

02. One of the members of the Promoter group has defaulted on a personal loan with outstanding of Rs 113,225 for which proceedings in DRT has been initiated against him.

Mr. Prashant Gupta one of the members of the Promoter group had taken a personal loan from Shriram City Union Finance Ltd. (Shriram Finance Ltd.) on 20/06/2019 with Personal Loan Account No. CDKANPL1906200055. He has however defaulted on the loan with outstanding amount being Rs 113,225/- Currently, the case is with DRT and Mr. Prashant Gupta has disputed certain charges and he is in negotiation with the NBFC to settle the disputed amount.

However, it is to be noted that Mr. Prashant Gupta is not a Director, Employee or Shareholder of the Company. He also does not have any transactions with the Company.”

09. The restated financial statements have been provided by peer reviewed chartered accountants who is not statutory auditor of our Company.

The restated financial statements of our Company for the stub period and financial year ended December 31, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 have been furnished by a peer-reviewed chartered accountant who is not the statutory auditor of our Company. While our statutory auditor does not possesses a valid peer-reviewed certificate, hence the task of providing the restated financial statements was entrusted to the aforementioned peer-reviewed Chartered Accountant. Further, the Issuer Company ensure to comply with the provisions of Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 at the stage of conversion of its status from an Unlisted to a listed entity.”

10. Substantial portion of our revenues has been dependent upon our few customers. The loss of any one or more of our major clients would have a material adverse effect on our business operations and profitability.

We are a manufacturing company engaged in the sale of acoustic insulation heavy machines used in sound control and reduction. We sell our products to various industry segments mainly, construction, real estate and infrastructure, at various locations in India. For the period ended December 31, 2023, financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, our top ten (10) customers accounted for approximately 58.25%, 26.83%, 43.26% and 70.91% of our total revenue from operations. The loss of a significant customer would have a material adverse effect on our financial results. A significant number of our customers are big companies in their industry having multiple suppliers for their products and we cannot assure you that we can maintain our current levels of business from these customers or that we will be able to replace these customers in case we lose any of them. Also, any attempt to lower our dependence on our top customers, might expose us to credit risks and also affect our logistical set-up that we have with the existing customers. Furthermore, major events affecting our customers, such as bankruptcy, change of management and business framework, mergers and acquisitions, etc. could adversely impact our business. If any of our major customers becomes bankrupt or insolvent, we may lose some or all of our business from that customer and our receivable from that customer would increase and may have to be written off, adversely impacting our income and financial condition.

13. We have incurred indebtedness and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business and financial condition. In addition, certain of our financing agreements involve variable interest rates and an increase in interest rates may adversely affect our results of operations, cash flows and financial condition.

The industry in which we operate is working capital intensive in nature. We have historically financed our working capital requirements mainly through arrangements with banks. The table below provides details of our total financial indebtedness in the relevant periods:

Period	Amounts (₹ in Lakhs)
December 31, 2023	828.50
March 31, 2023	572.76
March 31, 2022	312.23
March 31, 2021	345.24

For further information on our borrowings, see “Statement of Financial Indebtedness” on page 218.

We propose to fund such expenditure through a combination of debt, equity and internal accruals. Our ability to borrow and the terms of our borrowings will depend on our financial condition, the stability of our cash flows and our capacity to service debt in a rising interest rate environment.

The actual amount and timing of our future capital requirements may also differ from estimates as a result of, among other things, change in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources, we will be required to seek additional debt or equity financing. We may also have difficulty accessing capital markets, which may make it more difficult or expensive to obtain financing in the future. We may not be successful in obtaining additional funds in a timely manner, or on favourable terms or at all. If we do not have access to additional capital, we may be required to delay, postpone or abandon or reduce capital expenditures and the size of our operations, any of which may adversely affect our business, financial conditions, cash flows and results of operations.

Our ability to service our indebtedness will depend on our future performance and our ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, many of which are beyond our control. If our future cash flows from operations and other capital resources are insufficient to pay our debt obligations, our contractual obligations, or to fund our other liquidity needs, we may be forced to sell our assets or attempt to restructure or refinance our existing indebtedness. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives.

As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows, and financial condition.”

22. There are certain non-compliances noticed in some of our records relating to filing or returns and deposit of statutory dues with the taxation and other statutory authorities.

The Company experienced slight delays in filing GSTR-3B and EPF returns during the financial years 2021-22, 2022-23, and 2023-24. These delays were primarily due to technical issues, internal reconciliation challenges, and staffing shortages. However, the Company has addressed these issues by enhancing its accounts and finance team with qualified personnel. Looking ahead, potential technical issues, internal reconciliation challenges, staffing shortages, or unforeseen circumstances could lead to future delays in return filings, potentially resulting in fines and penalties that may affect the company's financial position.

The Detail of delay has been mentioned as given in table below.

Particulars	Month	Due Date	Return Filled Date	No. of days delayed	(Acknowledgement Number)	Reasons for Delay
GSTR-3B	April	20-05-2023	21-05-2023	1	AB0904235341857	GST online portal not responding
GSTR-3B	July	20-08-2023	21-08-2023	1	AB0907238957867	GST online portal not responding
GSTR-3B	August	20-09-2023	22-09-2023	2	AB0908239619894	Delay in internal reconciliation
GSTR-3B	September	20-10-2023	25-10-2023	5	AC090923914188P	Shortage of staff
GSTR-3B	October	20-11-2023	21-11-2023	1	AB091023896057Y	GST online portal not responding
GSTR-3B	December	20-01-2024	25-01-2024	5	AD0912230266752	Delay in internal reconciliation
GSTR-3B	April	20-05-2022	21-05-2022	1	AB090422353808W	GST online portal not responding
GSTR-3B	December	20-01-2023	24-01-2022	4	AC0912227482834	Shortage of staff
GSTR-3B	March	20-04-2023	23-04-2023	3	AC090323642783Y	Delay in internal reconciliation
GSTR-3B	April	20-05-2021	21-05-2021	1	AA090421461947V	GST online portal not responding
GSTR-3B	October	20-11-2021	22-11-2021	2	AB091021507987I	Delay in internal reconciliation
GSTR-3B	December	20-01-2022	21-01-2022	1	AC091221204742J	Delay in internal reconciliation
GSTR-3B	March	20-04-2022	22-04-2022	2	AC0903222676803	Delay in internal reconciliation
GSTR-3B	September	20-10-2020	21-10-2020	1	AB090920147389Q	covid impact - non availability staff
GSTR-3B	December	20-01-2021	21-01-2021	1	AB091220622099C	covid impact - non availability staff
GSTR-3B	January	20-02-2021	23-02-2024	3	AB090121190173I	covid impact - non availability staff
EPF-Return	October	15-11-2023	17-11-2023	2	4372311011727	Website not working properly
EPF-Return	January	15-02-2023	16-02-2023	1	4372302012445	Website not working properly
EPF-Return	April	15-05-2020	19-05-2020	4	4372005008055	Shortage of staff
EPF-Return	September	15-10-2020	17-10-2020	2	4372010010479	Shortage of staff

Although the late filing fees levied are small, if we continue this practice, the accumulated amounts of each delay may adversely affect our cash flows. Further no-show cause notice has been issued against our Company till date, in respect of above, in the event of any cognizance being taken by the concerned authorities in respect of above, actions may be taken against our Company and its directors, in which event the financials of our Company and our directors may be affected.

SECTION VII – PARTICULARS OF THE ISSUE
OBJECTS OF THE ISSUE

REQUIREMENT OF FUNDS

Our funding requirements are dependent on a number of factors which may not be in the control of our management, changes in our financial condition and current commercial conditions. Such factors may entail rescheduling and / or revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure.

The following table summarizes the requirement of the fund:

Sr. No.	Particulars	Amount (₹ In Lakhs)
1.	Purchase Land and Building for setting up factory	Upto 1200.00
2.	Funding of Working Capital requirements	800.00
3.	General Corporate Expenses	[●]
4.	Issue Expenses	[●]
Total		[●]

PROPOSED SCHEDULE OF IMPLEMENTATION AND UTILIZATION OF NET PROCEEDS

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

Particulars	Amount to be funded from Net Proceeds	Estimated schedule of deployment of Net Proceeds in FY2025
Purchase Land and Building for Setting up factory	Upto ₹1200.00	[●]
Funding of Working Capital requirements	₹800.00	[●]
General Corporate Expenses	[●]	[●]
Total	[●]	[●]

DETAILS OF THE OBJECTS OF THE ISSUE

1. PURCHASE OF LAND AND BUILDING FOR SETTING UP FACTORY

The Factory is being acquired from Oriental Trimex Limited for Rs 20 crores. Oriental Trimex Ltd. is not related entity to any promoter or director and none of its Promoters and Directors are in anyway related to our Company or its Management.

The Factory is encumbered to Edelweiss Asset Reconstruction where the amount outstanding as of date is Rs 10.02 crores. The factory is registered in the name of Seller, Oriental Trimex Ltd.

As per mutual understanding between M/s Oriental Trimex Ltd and Envirotech Systems Limited, the deadline for the remaining payment due to M/s Oriental Trimex Ltd for the land purchase intended for the new manufacturing unit, originally set for July 30th, 2024, has been extended to 05th, September 2024. via. Addendum to the Agreement to Sell dated July 31st, 2024.

	Particulars		Amount Rs in Crores
A	Total Amount payable to Oriental Trimex Limited (Annexure 1A)	-	20.11
B	Amount Already paid	-	10.86
C	Remaining to be paid (A-B)	-	9.25
	To be paid to Edelweiss ARC	6.50	
	To be paid to Oriental Trimex Limited	2.75	
D	Registry, Noida Authority charges and other related transfer charges	-	2.75
E	Total Cost as per DRHP (C+D)	-	12.00

Justification for Working capital Requirements

Working Capital Lines items	Justifications
Inventory	Our inventory has increased from ₹24.89 Lacs in March 31st, 2023 to ₹333.98 Lacs in December 31st, 2023 and going forward we have estimated higher inventory level at Rs. 1348.63 Lacs for March 31st, 2025 mainly due to increase in business activity and faster consumption of stock for timely completion of orders/projects and reduce

	<p>purchase cost as it is cost efficient if we purchase in bulk quantities and to mitigate risk caused by unexpected spikes in prices of raw materials and supply chain disruptions. Due to these reasons Inventory holding period has increased from 3.21 days for period ended March 31, 2023 to 39.70 days for period ended December 31, 2023 and 90 days for March 31, 2025. Going forward we have estimated higher inventory level and hence a moderately higher inventory holding period for coming years, as we aim to complete more projects. We have also taken steps to improve our inventory management, like implementing better inventory tracking system, improved logistics and renegotiating contracts with suppliers. The reason for incremental increase in inventory level is due to strategic inventory management for business growth, anticipated business growth and proactive inventory management strategies.</p>
Trade Receivables	<p>Our trade receivables has increased from ₹ 1,169.73 Lacs in March 31st, 2023 to ₹ 1,413.44 Lacs in December 31st, 2023 mainly due to increase sales of company and industry norms as it's common practice to offer extended credit terms to customers as a competitive strategy, leading to higher receivables. Going forward we have estimated trade receivables at Rs. 2,224.13 Lacs for 31st March, 2025 as we are expecting increase in business activity and therefore credit will be given to the customers on additional sales.</p> <p>The trade receivables period has seen a minimal rise from 150.77 days for period ended March 31, 2023 to 168.72 days for period ended December 31, 2023. Going forward we have estimated trade receivables level of 90 days in coming years by ensuring implementation of better debtor management policy by improving collection processes.</p>
Cash & bank Balance	<p>In FY 2023 Cash and bank balance was at Rs. 18.61 Lacs to cover daily operational cost which maintained at a similar level at Rs. 16.77 Lacs. However anticipating business expansion and increased financial requirements, the balances are projected to increase to Rs. 100.44 Lacs for FY 2025, due to expansion of business operations and setting up of new manufacturing facility and the need for higher liquidity to meet the operation demands. This strategic financial operations during the growth phase and provide a buffer for unexpected expenses.</p>
Short term loan and Advances	<p>Our Short term loan and Advances has significantly increased from Rs. 10.22 Lacs in March 31st, 2023 to Rs. 395.21 Lacs in December 31st, 2023 and is expected to increase to Rs. 665.22 Lacs estimated for period ended 31st March, 2025. The increase in the company's short-term loans and advances is primarily driven due to advances given to the suppliers to secure raw material due to frequent shortages and price hikes and for general business operations as well.</p>
Other Current Assets	<p>An incremental increase is expected from Rs. 49.55 Lacs in FY 2023 to Rs. 36.31 Lacs as at December 31, 2023 and it is expected to increase to Rs. 627.65 for FY 2025. The other current assets of company includes balance of Advance Tax, TDS Receivables, Prepaid Expenses, Duty Drawbacks which are expected to grow in proportionate with growth in revenue and profits of the company.</p>
Short term borrowings	<p>Our Short term borrowings has increased from ₹260.67 Lacs in March 31st, 2023 to ₹547.75 Lacs in December 31st, 2023. The short term borrowings are further likely to increase to Rs. 1200.00 Lacs at March 31, 2025. The increase in the company's short-term borrowings is primarily due to engagement in tender filings, fulfilling essential working capital requirements, and meeting immediate financing needs.</p>
Trade Payables	<p>The company has significantly reduced its trade payables, decreasing from Rs. 450.65 Lacs as of March 31, 2023, to Rs. 297.05 Lacs in December 31, 2023. A significant decrease in the creditor days from 102 days in FY 2023 to 65 days as at 31st December, 2023. The Trade payables will increase to Rs. 899.09 Lacs for FY 2025 but number of credit days will decrease to 60 days for FY 2025. The higher number of trade payables is due to increase in business operation but it also reflects enhanced working capital management, with improved efficiency in inventory control and streamlined accounts payable processes. By settling invoices more promptly and possibly negotiating terms or early payment discounts for procuring raw materials on shorter credit terms and on cash basis. This strategic approach not only strengthens financial stability but also enhances supplier relationships and mitigates risks associated with supplier credit.</p>
Other Current Liabilities	<p>The increase in Other Current liabilities from Rs. 146.05 Lacs in FY 2022-23 to Rs. 279.76 Lacs for the 31st December, 2023 is mainly due to increase in statutory dues payable (Rs 49.11 Lacs in FY 2022-23 to Rs. 71.52 Lacs in April – December 2023) and increase in advances from customers (62.36 Lacs in FY 2022-23 to 166.91 Lacs in April – December 2023) and going forward it is estimated that the other current liabilities will be kept stable at Rs. 270 Lacs for 31st March, 2025</p>
Short-Term Provisions	<p>The increase in Short term provisions is mainly due to increase in Provision of income tax from Rs. 96.10 Lacs in FY 2022-23 to Rs. 275.88 Lacs for the period April – December 2023. A rise to Rs. 310 Lacs for 31st March, 2025 prepares for larger operational scale and increased provisions for taxes and benefits. Hence, the increase in working capital from F.Y. 2022-23 to the period Apr to Dec 2023 is mainly because of increase in inventories, trade receivables and short term loans and advances and decrease in trade payables as explained above.</p>

1. GENERAL CORPORATE PURPOSES

The Net Proceeds will be first utilized towards the Objects as mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the amount being raised by the Company through this issue, in compliance with the Regulation 230(2) of SEBI (ICDR) Regulations. The Company intends to deploy the balance Net Proceeds i.e., ₹ [●], which is [●] of the amount being raised by the Company through this issue, towards general corporate purposes, subject to above mentioned limit, as may be approved by the management of the Company, including but not restricted to, the following:

- Strategic Initiatives
- Brand Building and strengthening of marketing activities; and
- Ongoing general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards each of the above purposes will be determined by the Board of Directors of the Company based on the permissible amount actually available under the head “General Corporate Purposes” and the business requirements of the Company, from time to time. We in accordance with the policies of the Board, will have flexibility in utilizing the balance Net Proceeds for general corporate purposes, as mentioned above. The same is in compliance with the provisions of ICDR guidelines.

SECTION VIII – ABOUT THE COMPANY

BUSINESS OVERVIEW

ENGINE TEST ROOM ACOUSTIC

Manufacturers rely on Engine test cells to ensure precise and replicable product testing and development within a controlled acoustic environment.

In the automotive industry, the strategic application of Acoustic Treatment in engine test cells effectively contains excessive noise within the test chamber, preventing disruptions in nearby areas. Our team of acousticians and engineers conducts a comprehensive analysis of engine acoustics to design the Engine Test Cell Acoustics module.

This module includes:

- Acoustic wall linings filled with insulation material.
- Acoustic doors for secure access to the engine test cell.
- Acoustic ducting to facilitate proper air circulation.
- Smoke exhaust pipes.
- Soundproof glass windows for internal viewing of the engine test cell.
- Proper LUX Level inside the booth for testing
- High quality Powder coated surface of color of client's choice
- Customisable accessories like Digital display, Temperature meter, Emergency Alarm, Smoke alarm etc.
- Online as well as offline testing facility with or without use of conveyor system
- Also available with insulated BASE

At Envirotech, we provide concise and professional solutions to enhance the accuracy and efficiency of engine testing processes.

We also Provide evidence of performance through independent testing or certifications, demonstrating the product's effectiveness in reducing noise levels. Our Noise TEST booth's ability to create controlled and consistent testing conditions, ensuring accurate measurements of noise levels and frequencies.

It is our pride to Showcase how the booth effectively reduces external interference and ambient noise, allowing for precise testing and analysis of sound emissions from various sources, with the use of high-quality soundproofing materials, such as acoustic panels, damping compounds, and isolation mounts, to minimize sound leakage and achieve reliable test results.



ANECHOIC & SEMI ANECHOIC CHAMBER

An anechoic chamber, often referred to as an-echoic or non-echoing chamber, is a purpose-built facility designed to effectively eliminate sound wave reflections. These chambers are also meticulously insulated from external sources of noise. The synergy of these two features creates an environment that simulates a quiet, open space of infinite dimensions. This controlled setting is invaluable in ensuring that external influences do not introduce inaccuracies into experimental results and testing procedures.

Its unparalleled ability to create an environment virtually free from echoes and external interference, making it an essential tool for precise measurements and testing in various industries.

the chamber's capability to absorb virtually all sound reflections, ensuring accurate measurement of sound sources and minimizing interference from external noise. The chamber is designed inhouse and the use of material to absorb Cut-off frequencies and reverberations is based on technical calculations on sophisticated softwares.

Not only the walls and ceiling, but the base is also insulated and contains 'Anechoic Wedges' with a wedge length calculated as per the cut-off frequency requirements.



SEMI ANECHOIC CHAMBER

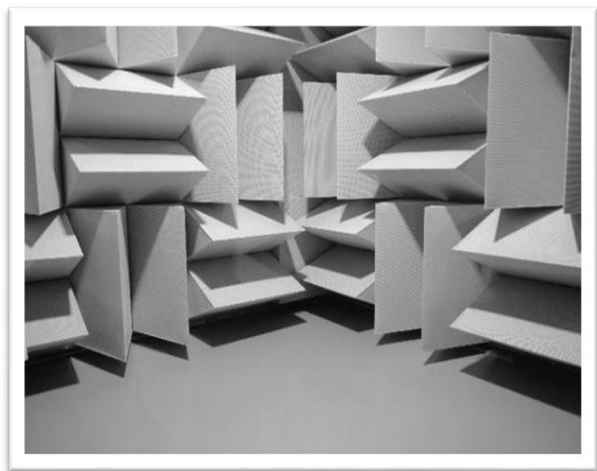
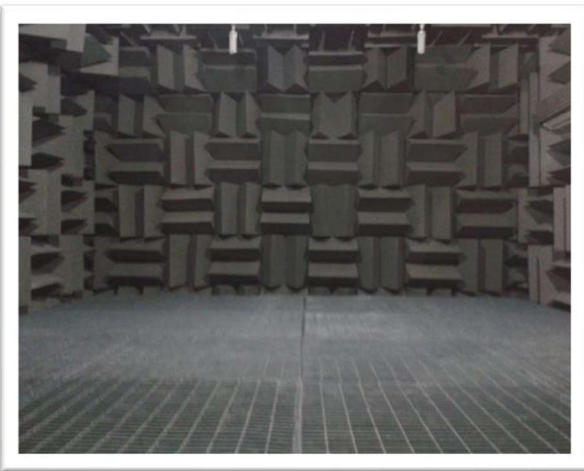
This specialized chamber is designed to replicate free field conditions above a reflective plane. At frequencies above a certain threshold, all incident sound waves on the chamber's walls and ceiling are effectively absorbed.

This type of chamber finds its primary application in vehicle testing, featuring a rolling road system that enables the testing of vehicles under realistic driving conditions. Such chambers are meticulously engineered to ensure precise acoustic conditions for comprehensive vehicle testing and analysis.

Envirotech has an ability to tailor the chamber's size, shape, and features to meet the specific needs of different applications and industries, ensuring optimal performance and versatility.

At Envirotech, a Semi Anechoic Chamber can be designed with superior performance and required background noise levels as per client's choice.

Envirotech has the capability to produce PU foam based as well as Perforated METAL based Anechoic Wedges.



PRODUCT-WISE REVENUE BREAKUP OF THE COMPANY FOR THE LAST 3 FINANCIAL YEARS AND STUB PERIOD

S.No.	Product types	2023-24 (April -Dec)		2022-23		2021-22		2020-21	
		Revenue*	%	Revenue*	%	Revenue*	%	Revenue*	%
1	Acoustic Enclosure	6,47,79,641.62	21.76	5,81,05,095.55	21.40	3,87,17,178.18	22.10	2,75,08,489.60	29.22
2	Noise Test Booth	1,32,17,664.42	4.44	36,74,000.00	1.35	1,16,66,421.62	6.66	5,34,485.00	0.57
3	Engine Test Room Acoustic	2,41,56,598.60	8.12	1,51,39,159.00	5.58	74,41,672.00	4.25	55,38,000.00	5.88
4	Anechoic & Semi-Anechoic chamber	61,15,588.81	2.05	3,74,78,202.00	13.80	3,01,70,823.81	17.22	1,65,29,191.68	17.56
5	Noise Barriers	6,33,15,722.93	21.27	7,02,35,068.00	25.86	3,05,54,593.46	17.44	98,52,552.39	10.46
6	Echo Barrier	1,26,67,700.00	4.26	1,75,82,815.00	6.47	96,27,085.00	5.50	7,45,750.00	0.79
7	Acoustic Louvers	2,70,83,334.42	9.10	1,11,67,138.00	4.11	2,53,68,014.00	14.48	42,94,784.33	4.56
8	Metal & Wooden Acoustic / Fire Doors	6,97,70,101.21	23.44	3,86,38,994.00	14.23	58,05,765.20	3.31	80,11,874.85	8.51
9	Others customized Acoustic Solutions	1,65,45,934.99	5.56	1,95,29,015.00	7.19	1,58,29,036.73	9.04	2,11,40,959.15	22.45
Total		29,76,52,287.00	100.00	27,15,49,486.55	100	17,51,80,590.00	100	9,41,56,087.00	100.00

Note: *Revenue excludes installation cost and other income

OUR REVENUE BREAKUP

(Amount in Lakhs)

S. No.	Financial Year	Domestic Revenue	Export Revenue/ Deemed Export	Total Amount
1	2020-2021	771.06	170.50	941.56
2	2021-2022	1574.64	177.16	1751.81
3	2022-2023	2620.10	95.40	2715.50
4	April-December 2023	2957.59	18.94	2976.53

CAPACITY UTILIZATION

PARTICULARS	Apr –Dec 2023	2022-23	2021-22	2020-21
Area (sq. ft.)	21,520	21,520	21,520	21520
Capacity under use*	100%	80%	60%	30%
Remarks			Less no. of orders	Low utilization due to COVID

*This reflects usage and idle time.

Note: The Capacity utilisation has been measured through factory area as the production and Revenue are directly correlated to the area underutilisation.

IMMOVABLE PROPERTY

Details of our properties are as follows: -

Properties owned/ Leased by the Company

S. No.	Location	State	Owner	Description	Status	Tenure
1.	A-29,Block-A Shyam Vihar Phase-I, New Delhi 110043	New Delhi	Preeta Shekhawat	Registered Office	Rent Agreement	Till October 31 st , 2024
2	B-1A/19, First Floor, Commercial Complex, Sector 51, Noida – 201307	Noida, Uttar Pradesh	Envirotech Systems Limited	Corporate Office	Owned Property on Leasehold land*	-
3.	Property No.-346-347, Block- Ecotech Extension, Sector- Ecotech-1, 201308	Noida, Uttar Pradesh	Envirotech Systems Limited	Factory	Owned Property on Leasehold land*	-
4.	Industrial Unit No. 345, Block-Ecotech Extension, Sector-Ecotech-1	Greater Noida, Uttar Pradesh	Envirotech Systems Limited	Leased	Owned Property on Leasehold land*	-

5.	Industrial Plot No.-12, Block – Mahila Udyami Park-II, Sector- Ecotech III	Greater Noida, Uttar Pradesh	Envirotech Systems Limited	Leased	Owned Property on Leasehold land*	-
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**Note:* The Company owns property on land which is given on a lease of 90 years by New Okhla Industrial Development Authority (NOIDA). This is prevalent practice in Noida where all Residential, Commercial and Industrial properties are on lease by Noida Authority for 90 years. However, there is registry done in favour of Envirotech Systems Limited.

OUR MANAGEMENT

BRIEF PROFILE OF OUR DIRECTORS

1. Ms. Sindhu Gupta

Ms. Sindhu Gupta, aged 47 years is a Promoter and Director of the Company. She was appointed as one of the First Director of the Company i.e. February 09, 2007. She has completed Masters in Political Science from Chhatrapati Shahu Ji Maharaj University, Kanpur in 1999 and Bachelors in Arts from Shri Shahu Ji Maharaj University, Kanpur in 1997. She is having experience of more than 15 years in managing Administration & Human Resources.

She has been with the Company since inception and managed the Human Resources & Administration Department. She is responsible for all recruitment, handling HR related matters and administrative activities in the Company.

2. Mr. Rakesh Gupta

Rakesh Gupta, aged 67 years is a Non-Executive Director of the Company. He has done Bachelors of Commerce. He worked with Ministry of Home Affairs – Intelligence Bureau as an Intelligence officer, then started his own building & construction company. Currently, he runs various budget hotels and banquets halls in Delhi NCR and in Goa. He has rich entrepreneurial experience and plays strong advisory role in making strategic decisions and deciding the growth path of the Company. He worked as Intelligence Officer from 1976 to 1996. Then he established and managed construction business from 1996 to 2004 specializing mainly into Civil construction projects. Since 2004, he has established and managed various hotels and banquet facilities.

3. Mr. Gaurav Bajpai

Mr. Gaurav Bajpai, aged 48 years is an Independent Director of the company. Graduating from Shri Shahu Ji Maharaj University, Kanpur in 1996, and obtaining a Diploma in Interior Designing from Exterior Interiors & Jenson & Nicholson India Ltd. in 1998. He holds extensive experience of around 26 years in the field of interior designing. Currently, working at Mayic Design (Proprietorship) since August 21, 2018. Since 1998 to 2018, Mr. Gaurav worked as a Freelancer executing various Interior designing projects with various contractors and builders.

4. Mr. Sachin Kumar

Sachin Kumar, aged 38 years is an Independent Director of the company. He is a seasoned finance professional with a strong educational background, graduate from Dr. Bhimrao Ambedkar University in 2006 and completed his post-graduation from Bundelkhand University in 2009. He is having significant experience of 13 years. Since May 19, 2015, he has been working as a Senior Financial Officer at Trade Finance Capital, focusing on the Business Banking Division and working capital facility. Prior to this, he worked as Senior Marketing Manager with Global Financial Services from September 2011 to May 2015 where he was responsible for handling Home loan and LAP business of Company's customers.

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

2. Ashok Kumar Shekhawat - Chief Financial Officer

Ashok Kumar Shekhawat is a seasoned finance professional with over two decades of experience spanning administration, finance strategy, accounting, audit, taxation, and sourcing. Holding a Master's degree in Commerce from Delhi University (1997) and a Bachelor's degree from the same institution (1994), Ashok currently oversees finance, accounting, taxation, and administrative activities at Envirotech Systems Limited. He excels in developing and implementing financial strategies aligned with business objectives, ensuring regulatory compliance, managing budgeting, financial reporting, and cash flow forecasting.

He has been working with the Company since its inception. Prior to this, he worked with Envirotech Gensets (Proprietorship) as Finance Manager from 2004 to 2006. Before that, he served as Finance Manager at Mahanagar Telephone Nigam Limited (MTNL) in 2003-04. Earlier, he was the Chief Accountant at Roop Nagar Hospital & Research Centre in 2002-03.

SECTION IX – FINANCIAL STATEMENTS

RESTATED FINANCIAL STATEMENT

ANNEXURE -G

SCHEDULE TANGIBLE ASSETS FOR THE PERIOD FROM APRIL TO DECEMBER 2023						(Amount in Lakhs)	
Particulars	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	AS AT 31.03.2023	ADDITION / (SALE)	AS AT 31.12.2023	FOR THE YEAR	UPTO 31.12.2023	AS AT 31.12.2023	AS AT 31.03.2023
Plot & Buildings							
Plot No. 345 Kasna, Gautam Buddha Nagar UP	185.15	0.00	185.15	0.00	0.00	185.15	185.16
Bulding at 345 Kasna, Gautam Buddha Nagar UP	190.00	0.00	190.00	12.87	12.87	177.13	190.00
Plot-346-347, Kasna,, Gautam Buddha Nagar UP	180.74	0.00	180.74	0.00	0.00	180.74	180.74
Bulding 346-347 Kasna,,Gautam Buddha Nagar UP	40.68	0.00	40.68	1.35	19.73	20.95	22.30
Plot at B/1A SEC-51, Noida - Corporate Office	240.07	0.00	240.07	0.00	0.00	240.07	240.07
Building at Plot No.B/1A SEC-51, Noida -Corporate Office	27.63	3.82	31.45	2.24	2.24	29.21	27.63
Plot-12, Mahila Uddhyog , (MUP), Noida UP	83.81	0.00	83.81	0.00	0.00	83.81	83.81
Building No. 12 Mahila Uddhyog , (MUP), Noida UP	56.35	0.00	56.35	1.71	30.52	25.83	27.53
Plant & Machineries							
Factory Machineries & Plants	68.81	0.00	68.81	3.55	59.13	9.67	13.22
Engine	2.50	0.00	2.50	0.06	2.43	0.07	0.12
Furniture & fixtures							
Furnitures & Fixtures	1.49	0.00	1.49	0.06	1.38	0.11	0.17
Televisions & LCD/LED		0.39	0.39	0.05	0.05	0.34	0.00
Water Cooler-Factry	0.92	0.00	0.92	0.03	0.89	0.02	0.05
Water R/o-Corporate Office	0.94	0.00	0.94	0.04	0.90	0.04	0.08
Computer & Prenters							
Computer & Prenters (Corporate Office & Factory)	14.58	0.00	14.58	0.13	12.94	1.63	1.76
Vehicles							
Car A/c	68.56	13.86	82.42	2.39	45.05	37.37	25.91
Cycle A/c	0.08	0.00	0.08	0.01	0.05	0.03	0.04
Motore Bike & Scooter A/c	1.81	0.00	1.81	0.03	1.75	0.06	0.09
Assets Salvages Value (Non Depreciable Value)							
Telephone & Mobile	0.62	0.00	0.62	0.00	0.59	0.03	0.03
Prienters & Scanners	0.66	0.00	0.66	0.00	0.63	0.03	0.03
Tea & Coffee Maker Machine (Automatic)	0.13	0.00	0.13	0.00	0.12	0.01	0.01
Water Tank	0.65	0.00	0.65	0.00	0.62	0.03	0.03
Weighing Machine	0.30	0.00	0.30	0.00	0.28	0.01	0.01

EPABX	0.67	0.00	0.67	0.00	0.64	0.03	0.03
Air Compressor (AC)-Corporate Office	1.21	0.00	1.21	0.00	1.15	0.06	0.06
Air Conditioner (AC-Factory)	1.09	0.00	1.09	0.00	1.03	0.05	0.05
Fan & Coolers	0.03	0.00	0.03	0.00	0.03	0.00	0.00
Fire Extinguisher	0.28	0.00	0.28	0.00	0.27	0.01	0.01
Generator	0.99	0.00	0.99	0.00	0.94	0.05	0.05
Total	1170.75	18.07	1188.82	24.51	196.26	992.56	999.00

SCHEDULE TANGIBLE ASSETS FINANCIAL YEAR 2022-23							
PARTICULARS	GROSS BLOCK			DEPRECIATION		NET BLOCK	
	AS AT 31.03.2022	ADDITION / (SALE)	AS AT 31.03.2023	FOR THE YEAR	UPTO 31.03.2023	UPTO 31.03.2023	AS AT 31.03.2022
Plot & Buildings							
Plot No. 345 Kasna, Gautam Buddha Nagar UP	0.00	185.15	185.15	0.00	0.00	185.15	0.00
Bulding at 345 Kasna, Gautam Buddha Nagar UP	0.00	190.00	190.00	0.00	0.00	190.00	0.00
Plot-346-347, Kasna,, Gautam Buddha Nagar UP	180.74	0.00	180.74	0.00	0.00	180.74	180.74
Bulding 346-347 Kasna,,Gautam Buddha Nagar UP	40.68	0.00	40.68	1.80	18.38	22.30	24.10
Plot at B/1A SEC-51, Noida - Corporate Office	0.00	240.07	240.07	0.00	0.00	240.07	0.00
Building at Plot No.B/1A SEC-51, Noida -Corporate Office	0.00	27.63	27.63	0.00	0.00	27.63	0.00
Plot-12, Mahila Uddhyog , (MUP), Noida UP	83.81	0.00	83.81	0.00	0.00	83.81	83.81
Building No. 12 Mahila Uddhyog , (MUP), Noida UP	56.35	0.00	56.35	2.27	28.82	27.53	29.81
Plant & Machineries							
Factory Machineries & Plants	68.81	0.00	68.81	4.73	55.58	13.22	17.95
Engine	2.50	0.00	2.50	0.08	2.37	0.12	0.20
Water Tank	0.65	0.00	0.65	0.02	0.62	0.03	0.06
Weighing Machine	0.30	0.00	0.30	0.02	0.28	0.01	0.03
Tea & Coffee Maker	0.13	0.00	0.13	0.00	0.12	0.01	0.01
Furniture & fixtures							
Furnitures & Fixtures	1.49	0.00	1.49	0.07	1.32	0.17	0.24
Water Cooler-Factry	0.92	0.00	0.92	0.03	0.87	0.05	0.08
Water R/o-Corporate Office	0.94	0.00	0.94	0.16	0.86	0.08	0.24
Fan & Coolers	0.03	0.00	0.03	0.00	0.03	0.00	0.00
Generator	0.99	0.00	0.99	0.03	0.94	0.05	0.08
Computer & Prenters							
Computer & Prenters (Corporate Office & Factory)	14.03	0.54	14.58	0.36	12.82	1.76	1.57
EPABX	0.67	0.00	0.67	0.02	0.64	0.03	0.05
Vehicles							

Car A/c	57.60	10.96	68.56	2.41	42.65	25.91	17.35
Cycle A/c	0.08	0.00	0.08	0.01	0.04	0.04	0.05
Motore Bike & Scooter A/c	1.81	0.00	1.81	0.04	1.72	0.09	0.13
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets Salvages Value (Non Depreciable Value)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Air Compressor	1.21	0.00	1.21	0.00	1.15	0.06	0.06
Air Conditioner	1.09	0.00	1.09	0.00	1.03	0.05	0.05
Fire Extinguisher	0.28	0.00	0.28	0.00	0.27	0.01	0.01
Telephone & Mobile	0.62	0.00	0.62	0.00	0.59	0.03	0.03
Prienters & Scanners	0.66	0.00	0.66	0.00	0.63	0.03	0.03
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	516.39	654.36	1170.75	12.06	171.74	999.00	356.71

SCHEDULE TANGIBLE ASSETS FINANCIAL YEAR 2021-22

Particulars	GROSS BLOCK		DEPRECIATION		NET BLOCK	
	AS AT 31.03.2021	ADDITION / (SALE)	AS AT 31.03.2022	FOR THE YEAR	UPTO 31.03.2022	UPTO 31.03.2022
Plot & Buildings						
Plot-346-347, Kasna,, Gautam Buddha Nagar UP	145.16	35.58	180.74	0.00	0.00	180.74
Bulding 346-347 Kasna,,Gautam Buddha Nagar UP	40.68	0.00	40.68	1.80	16.58	24.10
Plot-12, Mahila Uddhyog , (MUP), Noida UP	83.81	0.00	83.81	0.00	0.00	83.81
Building No. 12 Mahila Uddhyog , (MUP), Noida UP	56.35	0.00	56.35	2.27	26.54	29.81
Plant & Machineries						
Factory Machineries & Plants	68.81	0.00	68.81	4.73	50.85	17.95
Engine	2.50	0.00	2.50	0.15	2.30	0.20
Water Tank	0.65	0.00	0.65	0.04	0.60	0.06
Weighing Machine	0.30	0.00	0.30	0.02	0.27	0.03
Tea & Coffee Maker	0.13	0.00	0.13	0.01	0.12	0.01
Telephone & Mobile	0.62	0.00	0.62	0.01	0.59	0.03
Furniture & fixtures						
Furnitures & Fixtures	1.49	0.00	1.49	0.07	1.25	0.24
Water Cooler-Factry	0.92	0.00	0.92	0.06	0.84	0.08
Water R/o-Corporate Office	0.68	0.26	0.94	0.16	0.70	0.24
Fan & Coolers Fen	0.03	0.00	0.03	0.00	0.03	0.00
Generator-Factory & Office	0.99	0.00	0.99	0.06	0.91	0.08
Air Compressor-Corporate Office	1.21	0.00	1.21	0.04	1.15	0.06
Air Conditioner-Factory	1.09	0.00	1.09	0.01	1.03	0.05
Fire Extinguisher	0.28	0.00	0.28	0.10	0.27	0.01
Computer & Prenters						
Computer & Prenters (Corporate Office & Factory)	13.51	0.52	14.03	0.33	12.46	1.57
EPABX	0.67	0.00	0.67	0.04	0.62	0.05
Vehicles						
Car A/c	57.60	0.00	57.60	2.00	40.25	17.35
Cycle A/c	0.08	0.00	0.08	0.01	0.02	0.05
Motore Bike & Scooter A/c	1.81	0.00	1.81	0.09	1.69	0.13

Assets Salvages Value (Non Depreciable Value)						
Prienters & Scanners	0.66	0.00	0.66	0.00	0.63	0.03
Total	480.04	36.35	516.39	12.01	159.68	356.71

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS PERIOD ENDED ON DECEMBER 31, 2023

Pat margin for Financial Year 2023 and Stub period

Particulars	For the period ended		% Change
	31-03-23	31-12-23	
Revenues	2,715.49	2,976.52	9.61%
Installation charges	116.29	94.04	-19.13%
Other income	43.00	27.12	-36.94%
Total Revenue	2,874.78	3,097.67	7.75%
Cost of Raw Materials	1,611.76	1,657.03	2.81%
Changes in inventories of finished goods, work in progress and stock-in- trade	11.23	(221.36)	
Employee benefits expense	317.60	297.20	-6.43%
Finance costs	41.09	49.20	19.75%
Depreciation and amortization expense	12.06	24.51	103.24%
Other expenses	528.48	173.70	-67.13%
Total Costs	2,522.21	1,980.27	-21.49%
PBT	352.57	1,117.40	216.93%
Less Taxes	95.23	276.98	
PAT	257.34	840.42	228.80%
<i>PAT margins</i>	<i>8.95%</i>	<i>27.13%</i>	

			(Amount in Lakhs)
Other Expenses	For Period Ended		Absolute Change
	31-03-2023	31-12-2023	
Cartage	153.71	35.6	-118.11
Conveyance Exp.	10.06	3.14	-6.92
Courier and Cargo Exp	12.98	25.02	12.04
Consumable Store	13.82	1.23	-12.59
Repair and Maintenance Charges	8.52	3.24	-5.28
Rebate & Discounts	31.06	-24.07	-55.13
Site Expenses	88.58	10.81	-77.77
Service & Installation Charges	92.68	29.19	-63.49
Tour & Travelling Expenses	14.16	7.17	-6.99

PARTICULARS	2022-23	Apr –Dec 2023
Area (sq. ft.)	21,520	21,520
Capacity under use*	80%	100%

Cartage:

Cartage expenses were reduced by 118.11 Lakhs for the nine months stub period ending December 31, 2023 as compared to Financial Year 2022-23. This decrease is attributed to our strategy of sourcing raw materials primarily from local suppliers and nearby vendors, which lowered

transportation costs and in some cases the freight is directly borne by the customer.

By addressing supply chain issues and ensuring projects are completed on time, we managed to keep costs in line with our income, which improved our profitability. Cartage costs primarily come from transporting raw materials from suppliers to our company and from our company to customers. In some cases, we have customers pay for freight or cartage costs if materials are delivered directly to their sites. Sourcing materials from local vendors has also helped reduce these costs for some customers. However, for high-profile projects or prestigious clients like HAL and BHEL, we cover the full freight or cartage costs to ensure smooth management and execution.

Conveyance expenses:

Conveyance expenses depends on movement of workers on various project sites as per requirements of the project. It was high in FY2022-23 and fell in the period Apr – Dec 2023. There is as per requirements of the project and there has not been any change in Company policy.

Rebates & Discounts:

Previously, our company provided discounts to customers to encourage early payments. However, we have now shifted our strategy to focus on obtaining discounts from suppliers to lower our costs. This change has led to a negative expense balance of ₹24.07 lakh in Rebate & Discounts, effectively turning this amount into income for the company rather than a cost.

In the past year, the company operated at around 80% capacity and offered discounts and rebates to attract more orders. For FY 2023-24, with operations running close to full capacity, we concentrated on high-margin projects and were able to eliminate the need for discounts and rebates.

Site expenses and Service & installation charges:

Site expenses and installation charges cover costs for on-site work, including materials for adjustments or customizations, which were sometimes purchased at higher prices. To address this, the company has streamlined its processes to reduce waste, fitment issues, and unplanned material purchases by preparing materials at the factory and performing only essential work at the client site. Improved online project monitoring has further helped reduce site and installation expenses.

For high-profile or technical projects, such as those in the Defence or Power sectors, or for notable clients, the company incurs higher on-site and service expenses. These projects often require sending specialized project management teams and skilled workers directly to the site. For such high-priority assignments, senior-level teams are deployed to ensure successful completion.

In February and March 2024, our project for HAL-Koraput, which required technical expertise, resulted in significant on-site and installation expenses. Consequently, site and installation charges rose for the period ending March 31, 2024. However, as noted in the statutory audit report shared earlier, there is a modest decrease in overall site and installation expenses for the financial year 2024 compared to 2023.

PAT MARGIN

The company's PAT margin of 8.95% for financial year ended 31st March, 2023 was significantly influenced by a 55.01% increase in revenue and a 97.62% rise in installation charges, attributable to improved capacity utilization and the acquisition of additional orders and projects for FY 2023.

Additionally, there was a notable increase in raw material costs by 42.88%, employee benefit expenses by 43.38%, and other expenses by 78.88% for FY ended March 31, 2023. These increases were primarily due to the bulk procurement of raw materials, offering rebates and discounts to customers for prompt payments, and incurring costs related to service and installation charges, as well as higher job work charges.

The increase in PAT and PAT margin for FY ended 31st March 2023 was driven by a 55.43% rise in revenue, coupled with a less-than-proportional increase in total costs at 47.88%, resulting in slightly improved PAT and PAT margins.

The company achieved a PAT margin of 27.13% for the stub period ending December 31st, 2023. This increase was supported by a 9.61% rise in revenue attributed to securing new client orders and optimizing resource utilization. Significant cost savings were realized primarily from a 67.13% reduction in other expenses, driven by enhanced operational efficiency, systematic process development, and strategic improvements, while other factors remained relatively stable.

For the stub period ending December 31st, 2023, total costs decreased by 21.49% compared to a 7.75% increase in revenues, leading to higher PAT and PAT margins.

COMPARISON OF FINANCIAL YEAR 2023 WITH FINANCIAL YEAR 2022 (BASED ON STANDALONE RESTATED FINANCIAL STATEMENTS)

Revenue from Operations:

Revenue from Operations: Revenue from Operations for the financial year 2022-23 stood at ₹ 2715.49 Lakhs whereas in Financial Year 2021-22 the same stood at ₹ 1751.81 Lakhs representing an increase of 55.01%. The increase in total income from Rs. 17.51 crores in FY 2022 to Rs. 27.15 crores in FY 2023 can be attributed primarily to enhanced business activity, better capacity utilization and the Company's success in securing orders. In mid-FY 2021-2022, as the market recovered after the settling of Covid-related disruptions, businesses exercised caution in spending due to future uncertainties. This cautious approach was a significant factor influencing the company's lower turnover in FY 2022 compared to FY 2023.

COMPARISON OF FINANCIAL YEAR 2022 WITH FINANCIAL YEAR 2021 (BASED ON STANDALONE RESTATED FINANCIAL STATEMENTS)

Pat Margin

The PAT margins have slightly declined to 5.72% in FY 2022 from 6.90% in FY 2021.

In FY 2022, as business activities resumed, market uncertainties led us to focus on securing additional business, occasionally at the expense of slightly lower margins. This approach resulted in lower profits and a decrease in PAT margin due to increased expenses.

The company's revenue increased by 86.05% from Rs. 941.56 Lacs to Rs. 1751.81 Lacs as we were able to secure more orders and by better utilization of capacity and there was also an increase of installation charges due to more revenue growth.

The company's expenditure primarily driven by higher raw material costs increased notably from Rs 430.08 lacs on March 31, 2021, to 1128.03 lacs on March 31, 2022, There was slight increase in employee benefit expense as we had to employ more personnel for increase business activity. These increase was influenced by the post-Covid market reopening and supply chain disruptions, compounded by challenges in sourcing raw materials at lower prices. As we had to procure more raw materials to meet the demand of orders and for timely completion of our projects.

Although the cost of raw materials was significantly higher of about 162.29% in FY 2022 compared to FY 2021, the company had seen incremental increase in employee cost and other costs, which minimized the overall impact on margins.

Particulars	For the period ended		% Change
	31-03-21	31-03-22	
Revenues	941.56	1,751.81	86.05%
Installation charges	39.67	58.84	48.32%
Other income	29.24	38.90	33.02%
Total Revenue	1,010.47	1,849.54	83.04%
Cost of Raw Materials	430.08	1,128.03	162.29%
Changes in inventories of finished goods, work in progress and stock-in- trade	18.44	8.09	
Employee benefits expense	193.91	221.51	14.24%
Finance costs	39.93	40.49	1.41%
Depreciation and amortization expense	13.23	12.01	-9.20%
Other expenses	222.45	295.43	32.81%
Total Costs	918.04	1,705.57	85.78%
PBT	92.44	143.98	55.76%
Less Taxes	22.74	38.25	
PAT	69.70	105.73	51.69%
<i>PAT margins</i>	<i>6.90%</i>	<i>5.72%</i>	

SECTION X – LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

PART-II LITIGATION RELATING TO THE DIRECTORS AND PROMOTERS/PROMOTER GROUP OF THE COMPANY

I. CASES FILED AGAINST COMPANY DIRECTOR AND PROMOTERS/PROMOTER GROUP

- a. Litigation Involving Criminal Laws – **NIL**
- b. Litigation Involving Civil Laws- **1**
- c. Litigation Involving Actions by Statutory/Regulatory Authorities- **NIL**
- d. Litigation Involving Tax Liabilities

3. Direct Tax – Nil

4. Indirect Tax – Nil

Nature of Cases	No of Outstanding Cases	Amount Involved (₹ In Lakhs)
Civil Cases	1*	1.13
Criminal Complaints	-	-
Statutory/ Regulatory Authorities	-	-
Taxation Matters		
--TDS Demand	-	-
--Income Tax Demand (U/s 143)	-	-
Other Litigation	-	-

**Note: For defaulted on the loan by member of promoter group*

Details of the aforementioned cases are as follows:

1. Cases against the member of Promoter group (Mr. Prashant Gupta) :

Mr. Prashant Gupta one of the members of the Promoter group had taken a personal loan from Shriram City Union Finance Ltd. (Shriram Finance Ltd.) on 20/06/2019 with Personal Loan Account No. CDKANPL1906200055. He has however defaulted on the loan with outstanding amount being Rs 1,13,225/- Currently, the case is with DRT and Mr. Prashant Gupta has disputed certain charges and he is in negotiation with the NBFC to settle the disputed amount. However, it is to be noted that Mr. Prashant Gupta is not a Director, Employee or Shareholder of the Company. He also does not have any transactions with the Company.”

DECLARATION

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

SIGNED BY THE DIRECTORS OF OUR COMPANY:

SD/-

Mr. Manoj Kumar Gupta
Managing Director
DIN: 01187138

SD/-

Ms. SINDHU GUPTA
Director
DIN: 01190580

SD/-

Mr. Rakesh Gupta
Non-Executive Director
DIN: 01145603

SD/-

Mr. Gaurav Bajpai
Independent Director
DIN: 02291802

SD/-

Mr. Rohit Kumar
Independent Director
DIN: 10515418

SD/-

Mr. Sachin Kumar
Independent Director
DIN: 09233592

SIGNED BY THE CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY AND COMPLIANCE OFFICER OF OUR COMPANY: -

SD/-

Mr. Vikas Khanna
Chief Executive officer

SD/-

Mr. Ashok Kumar Shekhawat
Chief Financial Officer

SD/-

Ms. Pallvi Sharma
Company Secretary and Compliance Officer

Date – 22/08/2024
Place – Delhi