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## CHATHAFOODS

PROCESSED & FROZEN FOOD  
CHATHA FOODS LIMITED

Our Company was incorporated as a public limited company in the name and style of 'Chatha Foods Limited' pursuant to certificate of incorporation dated October 8, 1997 issued by Registrar of Companies Punjab, H.P & Chandigarh. Subsequently, our Company was converted into a private limited company and consequently the name of our Company was changed to 'Chatha Foods Private Limited' and a fresh certificate of incorporation dated June 16, 2003 was issued by the Registrar of Companies Punjab, H.P & Chandigarh. Thereafter, the name of our Company was again changed to its present name, i.e. 'Chatha Foods Limited' pursuant to its conversion from private limited to a public limited company and a fresh certificate of incorporation dated September 8, 2023 was issued by the Registrar of Companies, Chandigarh consequent upon such conversion. For further details please see section titled 'History and Certain Corporate Matters' on page 82.

**Registered Office:** 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India;

**Corporate Office:** Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India; **Telephone:** + 91 18146 16381; **Email:** cs@cfpl.net.in; **Website:** www.cfpl.net.in;

**Contact Person:** Priyanka Oberoi, Company Secretary and Compliance Officer

**PROMOTERS OF OUR COMPANY: PARAMJIT SINGH CHATHA, GURPREET CHATHA, GURCHARAN SINGH GOSAL AND ANMOLDEEP SINGH**

**ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED SEPTEMBER 30, 2023 (THE "DRAFT RED HERRING PROSPECTUS"); NOTICE TO INVESTORS (THE "ADDENDUM")**

**INITIAL PUBLIC ISSUE CONSISTING OF FRESH ISSUE OF UP TO 61,99,727 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF CHATHA FOODS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UPTO ₹ [●] LAKHS (THE "ISSUE"), OF WHICH UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ [●] EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E., NET ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ [●] EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS (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. FOR FURTHER DETAILS, PLEASE SEE SECTION TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE 127 OF THE DRAFT RED HERRING PROSPECTUS.**

**THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED IN ALL EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND ALL EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, AND PUNJABI EDITION OF [●], A REGIONAL NEWSPAPER (PUNJABI BEING THE REGIONAL LANGUAGE OF PUNJAB WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE SME PLATFORM OF BSE LIMITED THE PURPOSES OF UPLOADING ON THEIR WEBSITE.**

Potential bidders may note the following:

1. The Chapter titled "Definitions and Abbreviations" beginning on page 1 of the Draft Red Herring Prospectus has been updated
2. The Chapter titled "Summary of the Issue Document" beginning on page 11 of the Draft Red Herring Prospectus has been updated;
3. The Chapter titled "Risk Factors" beginning on page 14 of the Draft Red Herring Prospectus has been updated;
4. The Chapter titled "General Information" beginning on page 29 of the Draft Red Herring Prospectus has been updated
5. The Chapter titled "Capital Structure" beginning on page 36 of the Draft Red Herring Prospectus has been updated;
6. The Chapter titled "Objects of the Issue" beginning on page 46 of the Draft Red Herring Prospectus has been updated;
7. The Chapter titled "Our Business" beginning on page 66 of the Draft Red Herring Prospectus has been updated;
8. The Chapter titled "Our Management" beginning on page 86 of the Draft Red Herring Prospectus has been updated;
9. The Chapter titled "Our Promoters and Promoter Group" beginning on page 98 of the Draft Red Herring Prospectus has been updated;
10. The Chapter titled "Management's Discussion and Analysis of Financial Position and Results of Operation" beginning on page 110 of the Draft Red Herring Prospectus has been updated;
11. The Chapter titled "Other Regulatory and Statutory Disclosures" beginning on page 121 of the Draft Red Herring Prospectus has been updated;
12. The Chapter titled "Issue Procedure" beginning on page 134 of the Draft Red Herring Prospectus has been updated.
13. The Chapter titled "Material Contracts and Documents for Inspection" beginning on page 193 of the Draft Red Herring Prospectus has been updated.
14. The Chapter titled "Declaration" beginning on page 194 of the Draft Red Herring Prospectus has been updated.
15. Please note that all other details in, and updates to the Red Herring Prospectus/ Prospectus with respect to issue price and/or other relevant details will be carried out in the Red Herring Prospectus, as and when filed with ROC, SEBI and the Stock Exchange.

The above is to be read in conjunction with the Draft Red Herring Prospectus ("DRHP") and accordingly their references in the DRHP stand amended pursuant to this Addendum to the DRHP. The information in this Addendum supplements the DRHP and updates the information in the DRHP, as applicable. However, please note that this Addendum does not reflect all the changes that have occurred between the date of filing of the DRHP and the date thereof, and the information included in the DRHP will be suitably updated, including to the extent stated in this Addendum to the DRHP, as may be applicable in the Updated Red Herring Prospectus, Red Herring Prospectus and the Prospectus, as and when filed with the SME Platform of BSE Limited, SEBI and Registrar of Companies, Chandigarh.

All capitalised terms used in this Addendum shall, unless specifically defines or unless the context otherwise requires, have the meaning ascribed to them in the DRHP. The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

On behalf of **Chatha Foods Limited**

**Place:** Mohali

**Date:** February 26, 2024

Sd/-

**Ms. Priyanka Oberoi**

**Company Secretary and Compliance Officer**

**BOOK RUNNING LEAD MANAGER****REGISTRAR TO THE ISSUE****Indorient Financial Services Limited**

A-501, Executive Spaces, Rustomjee Central Park, Andheri Kurla Road, Chakala,  
Mumbai 400 093, Maharashtra, India.

**Telephone:** +91 79772 12186

**Email:** compliance-ifsl@indorient.in

**Website:** www.indorient.in

**Investor Grievance Id:** wecare@indorient.in

**Contact Person:** Ivor Anil Misquith

**SEBI Registration No:** INM000012661

**Skyline Financial Services Private Limited**

D-153 A, 1st Floor, Okhla Industrial Area, Phase - I,  
New Delhi – 110 020, India.

**Telephone:** + 011-2681 2682-83

**Email:** ipo@skylinerta.com , info@skylinerta.com

**Website:** www.skylinerta.com

**Investor Grievance Id:** ipo@skylinerta.com

**Contact Person:** Anuj Rana

**SEBI Registration No:** INR000003241

**BID/ ISSUE PROGRAMME**

**ANCHOR PORTION ISSUE OPENS/CLOSES ON:**

[●]\*

**BID/ISSUE OPENS ON:** [●]\*\*

**BID/ISSUE CLOSES ON:** [●]\*\*#

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

*Opening Date*

*\*\*Our Company may, in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.*

*# UPI mandate end time and date shall be at 5:00 p.m. on the Bid/Issue Closing Date.*

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

<b>Terms</b>	<b>Description</b>
Market Maker	Market Maker to the Issue being Alacrity Securities Limited
Market Making Agreement	The Market Making Agreement dated December 6, 2023 between our Company, Book Running Lead Manager and Alacrity Securities Limited, the Market Maker
Underwriter	Underwriter to the Issue being Indorient Financial Services Limited
Underwriter Agreement	The Underwriter Agreement dated December 6, 2023 between our Company and Indorient Financial Services Limited, Book Running Lead Manager and Underwriter

## SUMMARY OF THE ISSUE DOCUMENT

### G. Shareholding of Promoters and Promoter Group

Sr. No	Category of Promoter	Pre-issue	
		No. of shares	As a % of paid-up Equity Capital
<b>A</b>	<b>Promoters</b>		
	Paramjit Singh Chatha	42,44,695	25.67
	Gurpreet Chatha	34,72,277	21.00
	Gurcharan Singh Gosal	41,39,013	25.03
	Anmoldeep Singh	4,87,200	2.95
	<b>Sub Total A</b>	<b>1,23,43,185</b>	<b>74.65</b>
<b>B</b>	<b>Promoter Group</b>		
	Namrata Kaur Gurm	2,59,597	1.57
	Irina Chatha	69,448	0.42
	Iqbal Singh Chatha	7,79,838	4.72
	<b>Sub Total B</b>	<b>11,08,883</b>	<b>6.71</b>
	<b>Grand Total (A+B)</b>	<b>1,34,52,068</b>	<b>81.36</b>

*Note to the Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, Iqbal Singh Chatha transferred 17,36,162 Equity Shares of the Company held by him to Paramjit Singh Chatha. The said developments along with rectification of clerical errors apparent in the above table, have been updated and will be inserted in the Red Herring Prospectus.*

### N. Weighted average price at which the Equity Shares acquired by each of our Promoters in the last one year

The weighted average price at which the Equity Shares acquired by each of our Promoters in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:

Name of the Promoter	Number of Equity Shares acquired in the last one year	Weighted average price of acquisition per Equity Share (in ₹)*
Paramjit Singh Chatha	17,40,062 <sup>#</sup>	Nil

<sup>#</sup> Out of the total number of Equity Shares acquired, 3,900 Equity shares were transfer by way of gift

\*As certified by A. Bafna & Co., Chartered Accountants, Statutory Auditors by way of their certificate dated September 29, 2023. The said information will be updated in the Red Herring Prospectus after giving impact to 17,36,162 Equity Shares acquired from Iqbal Singh Chatha on January 24, 2024.

### O. Average cost of acquisition of shares

The average cost of acquisition of Equity Shares held by our Promoters as on the date of the Draft Red Herring Prospectus is as follows:

Name of the Promoter	Number of Equity Shares held	Percentage shareholding (%)	Average cost of acquisition per Equity Share (in ₹)*
Paramjit Singh Chatha	42,44,695	25.67	7.28

\*As certified by A. Bafna & Co., Chartered Accountants, Statutory Auditors by way of their certificate dated September 29, 2023. The said information will be updated in the Red Herring Prospectus after giving impact to 17,36,162 Equity Shares acquired from Iqbal Singh Chatha on January 24, 2024.

*Note to Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, Iqbal Singh Chatha transferred 17,36,162 Equity Shares of the Company held by him to Paramjit Singh Chatha. The said developments have been updated in the above two tables and will be inserted in the Red Herring Prospectus.*

## SECTION II – RISK FACTORS

***3. The purchase of land by the Company for setting up the Proposed Manufacturing Facility is subject to compliance with certain terms and conditions. Failure to comply with such conditions could adversely affect our business and financial condition.***

Our Company is proposing to expand its business operations by setting up Proposed Manufacturing Facility and expand its production capacity for the vegetarian segment. For this purpose, we have entered into an Agreement to Sell dated September 25, 2023 with Jaswinder Singh & Kulwinder Singh and Mohan Singh & Harwinder Singh (referred to as the “Sellers”) for a total area admeasuring approximately 3.49 acres (the “Land”). The Sellers received a no objection certificate (“NOC”) from the Indian Overseas Bank dated October 5, 2023 & October 9, 2023 and from UCO Bank October 11, 2023, certifying that the lien has been discharged from the said Land. This will result in the Company getting a clear and marketable title of the Land. Following the payment of pending consideration from the IPO proceeds, the said Land will be registered in the name of the Company and a conveyance deed will be executed in favour of the Company. The agreement is subject to whole consideration amount of ₹419 lakhs towards purchase of Land, being paid on or before March 31, 2024. Any failure or delay on our part to raise funds from the Issue or any shortfall in the Issue proceeds and subsequent inability of our Company to source alternate means of finance may delay the purchase of Land and could adversely affect our growth plans

***In the event we are found not to be in compliance with any applicable regulations in relation to the regulatory filings or corporate actions, we may be subject to regulatory actions or penalties for any such possible non-compliance and our business, financial condition and reputation may be adversely affected.***

Although, our Company endeavours to comply with all compliance/ reporting requirements, there may have been instances of delays/non-disclosures/erroneous disclosures and non-filings of certain forms which were required to be filed as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 with RoC. For instance, in the past, our Company had inadvertently erred in providing details in Form MGT 7 filed with the Roc for the financial year 2022-23 for which we refiled the form with corrected details. Similarly, when there have been instances wherein our Company has failed to comply with the requirements of RoC or has delayed in any form filings, we have paid additional fees as required. No show cause notice in respect of the above has been issued to our Company till date and no penalty or fine has been imposed by any regulatory authority with respect to the same. It cannot be assured, that there will not be such instances in the future or any penalty or fine will not be imposed by any regulatory authority in respect to the same. Further we cannot assure you that we will not be subject to any regulatory actions, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in our secretarial filings and/or corporate records in the future, which may adversely affect our business reputation, financial condition, divert management attention, and result in a material adverse effect on our business prospects.

## SECTION III – INTRODUCTION

### GENERAL INFORMATION

#### BOARD OF DIRECTORS OF OUR COMPANY

Our Company's Board comprises of the following Directors as set forth in the following table:

Name of Directors	DIN	Designation	Address
Paramjit Singh Chatha	01154225	Chairman and Managing Director	H. No. 293, First Floor, Sector – 16 A Chandigarh - 160 015, India.
Gurpreet Chatha	01389143	Whole-time Director	2009 Phase 10, Sector 64, SAS Nagar Mohali, Punjab 160 062, India.
Gurcharan Singh Gosal	01389179	Whole-time Director	SCF 305, Motor Market, Manimajra, Chandigarh – 160 101, India.
Sanjiv Swarup	00132716	Non- Executive & Independent Director	103, Srusti Apartment, old Prabhadevi Road, opposite Century Bazar, Prabhadevi, Mumbai, Maharashtra – 400 025, India.
Purnachand Upadrashta	02644665	Non- Executive Independent Director	B-104, Ridgewood estate, DLF City, Phase-IV, Gurgaon, Delhi, India.
Chinmayee Swarup Deulgaonkar	08066568	Non- Executive Independent Director	B-402, Krishna Towers, Atmaram Sawant Marg, Ashok Nagar, Kandivali East, Mumbai, Maharashtra-400 101

*Note to the Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, Iqbal Singh Chatha resigned as a Non- Executive Director and Sanjiv Swarup was appointed as a Non- Executive Independent Director. Further, Paramjit Singh Chatha was appointed as the Chairman of the Board with effect from January 22, 2024. The said changes are reflected in the above table and will be inserted in the Red Herring Prospectus.*

#### DETAILS OF KEY INTERMEDIARIES PERTAINING TO THE ISSUE OF OUR COMPANY

MARKET MAKER TO THE ISSUE	UNDERWRITER TO THE ISSUE
<p><b>Alacrity Securities Limited</b>  <b>Registered Office Address:</b> 101, Hari Darshan, B-Wing, Bhogilal Fadia Road, Kandivali West, Mumbai- 400067, Maharashtra, India  <b>Telephone No.</b> +91 022-69527500  <b>Email:</b> <a href="mailto:alacritysec@gmail.com">alacritysec@gmail.com</a>  <b>Website:</b> <a href="http://www.alacritysec.com">www.alacritysec.com</a>  <b>Contact Person:</b> Kishore V. Shah  <b>SEBI Registration No.:</b> INZ000215936  <b>Market Maker Registration No.:</b> 112 6361 (SME Segment of BSE)</p>	<p><b>Indorient Financial Services Limited</b>  <b>Registered Office Address:</b> A-501, Executive Spaces, Rustomjee Central Park, Andheri Kurla Road, Chakala, Mumbai 400 093, Maharashtra, India  <b>Telephone No.:</b> +91 79772 12186  <b>Email:</b> <a href="mailto:compliance-ifs@indorient.in">compliance-ifs@indorient.in</a>  <b>Website:</b> <a href="http://www.indorient.in">www.indorient.in</a>  <b>Contact Person:</b> Ivor Anil Misquith  <b>SEBI Registration No.:</b> INM000012661</p>
<p><b>REGISTRAR TO THE ISSUE</b>  <b>Skyline Financial Services Private Limited</b>  D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi – 110 020, India.  <b>Telephone:</b> + 011-2681 2682-83  <b>Email:</b> <a href="mailto:ipo@skylinerta.com">ipo@skylinerta.com</a>,  <a href="mailto:info@skylinerta.com">info@skylinerta.com</a>  <b>Website:</b> <a href="http://www.skylinerta.com">www.skylinerta.com</a>  <b>Investor Grievance Id:</b> <a href="mailto:ipo@skylinerta.com">ipo@skylinerta.com</a>  <b>Contact Person:</b> Anuj Rana  <b>SEBI Registration No:</b> INR000003241</p>	

## UNDERWRITING AGREEMENT

This Issue is 100% Underwritten. The Underwriting Agreement is dated December 6, 2023. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriter has indicated its intention to underwrite the following number of specified securities being issued through this Issue:

<b>Details of the Underwriter</b>	<b>No. of Shares Underwritten</b>	<b>Amount Underwritten</b>	<b>% of the Total Issue Size Underwritten</b>
<b>Indorient Financial Services Limited</b>	<b>[●]</b>	<b>[●]</b>	<b>100%</b>

## DETAILS OF MARKET MAKING ARRANGEMENT FOR THIS ISSUE

Our Company has entered into Market Making Agreement dated December 6, 2023 with the Market Maker, to fulfil the obligations of Market Making:

The details of Market Maker are set forth below:

<b>Name</b>	<b>Alacrity Securities Limited</b>
<b>Registered Office Address</b>	101, Hari Darshan, B-Wing, Bhogilal Fadia Road, Kandivali West, Mumbai- 400067, Maharashtra, India
<b>Telephone</b>	+91 022-69527500
<b>Email</b>	<a href="mailto:alacritysec@gmail.com">alacritysec@gmail.com</a>
<b>Website</b>	<a href="http://www.alacritysec.com">www.alacritysec.com</a>
<b>Contact Person</b>	Kishore V. Shah
<b>SEBI Registration Number</b>	INZ000215936
<b>Market Maker Registration No (SME Segment of BSE)</b>	112 6361



## CAPITAL STRUCTURE

### NOTES TO CAPITAL STRUCTURE

#### 1. History of Share capital of our Company

The following table sets forth details of the history of paid-up Equity Share capital of our Company:

Date of Allotment	No. of Equity Shares	Face value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Cumulative paid-up Capital (₹)
September 13, 2023	41,33,720	10	NA	NA	Bonus Issue <sup>(16)</sup>	1,65,34,879	16,53,48,790

*(16) Allotment of a total of 41,33,720 Equity Shares to Paramjit Singh Chatha (6,27,133 Equity Shares), Gurpreet Chatha (8,68,069 Equity Shares), Gurcharan Singh Gosal (10,34,753 Equity Shares), Anmoldeep Singh (1,21,800 Equity Shares), Iqbal Singh Chatha (6,29,000 Equity Shares), Manjit Singh Chatha (26,634 Equity Shares), Gursimar Singh Chatha (3,30,697 Equity Shares), Irina Chatha (17,363 Equity Shares), Namrata Kaur Gurm (64,899 Equity Shares) and Negen Undiscovered Value Fund (4,13,372 Equity Shares) pursuant to a bonus issue in the proportion of 1 bonus Equity Shares for every 3 fully paid up equity shares held by them.*

*[The remainder of the page has been intentionally left blank]*

## 7. Shareholding Pattern of our Company

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

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities No. (a)	No. of locked-in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								Class (Equity)	Total	Total as a % of (A+B+C)			No (a)	As a % of total shares held (b)	No (a)	As a % of total shares held (b)	
(A)	Promoters and Promoter Group	7	1,34,52,068	--	--	1,34,52,068	81.36	1,34,52,068	1,34,52,068	81.36	--	--	--	--	--	--	1,34,52,068
(B)	Public	3	30,82,811	--	--	30,82,811	18.64	30,82,811	30,82,811	18.64	--	--	--	--	--	--	30,82,811
(C)	Non-Promoter-Non-Public	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C1)	Shares underlying depository receipts	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C2)	Shares held by employee trusts	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>		<b>10</b>	<b>1,65,34,879</b>	<b>--</b>	<b>--</b>	<b>1,65,34,879</b>	<b>100.00</b>	<b>1,65,34,879</b>	<b>1,65,34,879</b>	<b>100.00</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,65,34,879</b>

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one (1) day prior to the listing of the Equity shares. The shareholding pattern will be uploaded on the website of the Stock Exchange before commencement of trading of such Equity Shares.

**Other details of shareholding of our Company:**

a) Particulars of the shareholders holding 1% or more of the paid-up share capital of our Company aggregating to 80% or more of the paid-up share capital and the number of shares held by them as on the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Paramjit Singh Chatha	42,44,695	25.67
2.	Iqbal Singh Chatha	7,79,838	4.72
3.	Gurpreet Chatha	34,72,277	21.00
4.	Gurcharan Singh Gosal	41,39,013	25.03
5.	Anmoldeep Singh	4,87,200	2.95
6.	Gursimar Singh Chatha	13,22,789	8.00
7.	Namrata Kaur Gurm	2,59,597	1.57
8.	Negen Undiscovered Value Fund	16,53,488	10.00
	<b>Total</b>	<b>1,63,58,897</b>	<b>98.94</b>

e) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them ten days prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Paramjit Singh Chatha	42,44,695	25.67
2.	Iqbal Singh Chatha	7,79,838	4.72
3.	Gurpreet Chatha	34,72,277	21.00
4.	Gurcharan Singh Gosal	41,39,013	25.03
5.	Anmoldeep Singh	4,87,200	2.95
6.	Gursimar Singh Chatha	13,22,789	8.00
7.	Namrata Kaur Gurm	2,59,597	1.57
8.	Negen Undiscovered Value Fund	16,53,488	10.00
	<b>Total</b>	<b>1,63,58,897</b>	<b>98.94</b>

**1. Details of Build-up of our Promoter's shareholding:**

Set forth below are the details of the build-up of our Promoters' shareholding in our Company since incorporation:

**1. Paramjit Singh Chatha:**

Date of Allotment / transfer and Date when made fully paid-up	Nature of transaction	Number of Equity Shares	Face value per Equity Share (in ₹)	Issue / transfer price per Equity Share (in ₹)	Nature of consideration (cash / other than cash)	Cumulative number of Equity Shares	% of pre offer capital	% of post offer capital
October 10, 1997	Further Issue	1,000	10	10	Cash	1,000	Negligible	[●]
January 31, 1998	Further Issue	15,000	10	10	Cash	16,000	Negligible	[●]

Date of Allotment / transfer and Date when made fully paid-up	Nature of transaction	Number of Equity Shares	Face value per Equity Share (in ₹)	Issue / transfer price per Equity Share (in ₹)	Nature of consideration (cash / other than cash)	Cumulative number of Equity Shares	% of pre offer capital	% of post offer capital
May 25, 1998	Further Issue	50,000	10	10	Cash	66,000	0.30	[●]
June 22, 1998	Further Issue	20,000	10	10	Cash	86,000	Negligible	[●]
August 14, 1998	Further Issue	64,500	10	10	Cash	1,50,500	0.39	[●]
November 19, 1998	Further Issue	50,000	10	10	Cash	2,00,500	0.30	[●]
March 31, 2001	Further Issue	50,000	10	10	Cash	2,50,500	0.30	[●]
March 30, 2002	Further Issue	1,50,000	10	10	Cash	4,00,500	0.90	[●]
January 05, 2005	Transfer from Jagir Singh (Father)	1,900	10	Nil	Gift	4,02,400	Negligible	[●]
January 05, 2005	Transfer from Jagir Singh (Father)	49,900	10	Nil	Gift	4,52,300	0.30	[●]
March 31, 2008	Further Issue	2,24,400	10	10	Cash	6,76,700	1.35	[●]
January 27, 2011	Further Issue	2,90,000	10	10	Cash	9,66,700	1.75	[●]
February 27, 2012	Further Issue	72,000	10	10	Cash	10,38,700	0.43	[●]
August 29, 2013	Further Issue	8,38,800	10	10	Cash	18,77,500	5.07	[●]
August 23, 2023	Transfer from Barinder Singh	1,000	10	Nil	Gift	18,78,500	Negligible	[●]
August 23, 2023	Transfer from Sandeep Kaur	1,900	10	Nil	Gift	18,80,400	Negligible	[●]
August 23, 2023	Transfer from Raghbir Singh	1,000	10	Nil	Gift	18,81,400	Negligible	[●]
September 13, 2023	Bonus Issue	6,27,133	10	Nil	-	25,08,533	3.79	[●]
January 24, 2024	Transfer from Iqbal Singh Chatha	17,36,162	10	22.07	Cash	42,44,695	10.50	[●]
<b>Total</b>		<b>42,44,695</b>				<b>42,44,695</b>	<b>25.67</b>	<b>[●]</b>

*Note to the Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, Iqbal Singh Chatha transferred 17,36,162 Equity Shares held by him in the Company to Paramjit Singh Chatha. The said transaction along with rectification of clerical errors carried out in the above two tables, has been updated from page 7 to 9 above and will be inserted in the Red Herring Prospectus.*

11. The details of the Shareholding of the members of the Promoter Group (other than our Promoters) as on date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholders	Pre-Offer		Post- Offer	
		Number of Equity Shares	% of total shareholding	Number of Equity Shares	% of total shareholding
1.	Namrata Kaur Gurm	2,59,597	1.57	[●]	[●]
2.	Irina Chatha	69,448	0.42	[●]	[●]
3.	Iqbal Singh Chatha	7,79,838	4.72	[●]	[●]
	<b>Total</b>	<b>11,08,883</b>	<b>6.71</b>	[●]	[●]

*Note to the Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, Iqbal Singh Chatha was re-classified from public category shareholder to Promoter Group category shareholder. The said transaction along with rectification of clerical errors carried out in the above tables, has been updated in point 11 above and will be inserted in the Red Herring Prospectus.*

#### **Eligibility of Share for “Minimum Promoters Contribution in terms of clauses of Regulation 237(1) of SEBI (ICDR) Regulations, 2018**

Our Company has not been formed by the conversion of a partnership firm into a company in the past one year and thus, no Equity Shares have been issued to our Promoter upon conversion of a partnership firm in the past one year. All the Equity Shares held by the Promoters are held in dematerialized form.

*Note to the Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, all the Equity Shares held by our Promoters were dematerialised. The same has been given effect to in the above paragraph and will be inserted in the Red Herring Prospectus.*

30. Except as disclosed below, none of our Directors or Key Management Personnel hold any Equity Shares in our Company:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Paramjit Singh Chatha – Managing Director	42,44,695	25.67
2.	Gurcharan Singh Gosal – Executive Director	41,39,013	25.03
3.	Gurpreet Chatha – Executive Director	34,72,277	21.00

*Note to the Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, Iqbal Singh Chatha resigned as a Non- Executive Director and Sanjiv Swarup was appointed as a Non- Executive Independent Director. The said change is reflected in the above table and will be inserted in the Red Herring Prospectus.*

## OBJECTS OF THE ISSUE

### A. Land

Our Company has obtained a title search report dated September 28, 2023 from M/s Amit Sharma & Co, Advocate, Legal & Corporate Consultants, which states that the Sellers are the present owners of the Land and the Land owned by the Sellers is mortgaged with Indian Overseas Bank and UCO Bank of Lalru (“Banks”). Our Company had paid ₹ 62.85 lakhs as earnest money to the Seller, out of which ₹ 34.40 lakhs was paid to the Banks towards the settlement of the mortgage amount due by the Sellers to the Banks. The Sellers received a no objection certificate (“NOC”) from the Indian Overseas Bank dated October 5, 2023 & October 9, 2023 and from UCO Bank dated October 11, 2023, which certifies that the lien has been discharged from the said Land. This will result in the Company getting a clear and marketable title of the Land.

Further, the Land will be registered in the name of our Company and a conveyance deed will be executed in favour of our Company upon payment of the remaining consideration for the Land. The Agreement to Sell requires the sale to be completed on or before March 31, 2024. For risks in relation to use of the Net Proceeds for the acquisition of land, see “Risk Factors—*“We have not entered into any arrangements for alternate source of raising the funds required for our “Objects of the Issue”. Any shortfall in raising/meeting the same could adversely affect our growth plans, operations and financial performance.”*” on page 16

## SECTION IV – ABOUT THE COMPANY

### OUR BUSINESS

Founded in 1997, Chatha Foods Limited (CFL) is one of India’s recognised frozen food processor, serving top QSRs (Quick Serving Restaurants), CDRs (Casual Dining Restaurants), and other players in the HoReCa (Hotel-Restaurant-Catering) segment. As such, we are deeply connected with the Indian food services/dining out industry and this accounted for 96.00% of our revenue in Financial Year 2023. For Financial Year 2023 Domino’s India franchise accounted for 51.53%, Subway’s India franchise accounted for 31.16%, Café Coffee Day accounted for 1.40%, Chili’s & Pauls India accounted for 1.64%, Wok express accounted for 1.91%, Burger Singh accounted for 0.58% of our revenue in Financial Year 2023. In addition, our brands, which sells under “Chatha Foods” are distributed through our network of 29 distributors covering 32 cities across India and catering to the needs of 126 mid segment & standalone small QSR brands.

### OUR PROPERTIES:

#### Leasehold Properties

Sr. No.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
1.	Agreement dated November 18, 2023 between Jai Pal (“Lessor”) and the Company (“Lessee”)	13 bighas of land situated at Village Chaundheri, Tehsil Derabassi, Dist. S.A.S Nagar, Punjab – 140 501,, India	₹ 2,60,000 as full consideration	November 18, 2023 to November 17, 2024	Purpose of discharge of effluent treated water
2.	Agreement dated January 4, 2023 between Kamal Kumar (“Lessor”) and the Company (“Lessee”)	3 bighas of land situated at Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India	₹ 60,000 as full consideration	January 1, 2023 to December 31, 2024	Purpose of discharge of effluent treated water
3.	Agreement dated August 7, 2023 between Kamal Kumar (“Lessor”) and the Company (“Lessee”)	4 bighas of land situated at Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India	₹ 80,000 as full consideration	August 1, 2023 to July 31, 2024	Purpose of discharge of effluent treated water
4.	Agreement dated June 26, 2023 between Shiam Lal (“Lessor”) and the Company (“Lessee”)	4 bighas of land situated at Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India	₹ 80,000 as full consideration	June 15, 2023 to June 14, 2024	Purpose of discharge of effluent treated water

## OUR MANAGEMENT

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
<p><b>Paramjit Singh Chatha</b></p> <p><b>DIN:</b> 01154225</p> <p><b>Date of Birth:</b> August 5, 1968</p> <p><b>Designation:</b> Managing Director and Chairman</p> <p><b>Address:</b> H.No. 293, First Floor, Sector – 16 A Chandigarh – 160 015, India.</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> Period of 5 years with effect from September 11, 2023</p> <p><b>Period of Directorship:</b> Since October 9, 1997</p> <p><b>Nationality:</b> Indian</p>	55	<ol style="list-style-type: none"> <li>1. Chatha Financiers Private Limited</li> <li>2. Chatha Financial Services Private Limited</li> </ol>
<p><b>Sanjiv Swarup</b></p> <p><b>DIN:</b> 00132716</p> <p><b>Date of Birth:</b> November 19, 1958</p> <p><b>Designation:</b> Non-Executive Independent Director</p> <p><b>Address:</b> 103, Sruthi Apartment, old Prabhadevi Road, opposite Century Bazar, Prabhadevi, Mumbai, Maharashtra – 400 025, India.</p> <p><b>Occupation:</b> Professional</p> <p><b>Term:</b> Appointed with effect from January 22, 2024 for a period of 5 years; Not liable to retire by rotation</p> <p><b>Period of Directorship:</b> Since January 22, 2024</p> <p><b>Nationality:</b> Indian</p>	65	<ol style="list-style-type: none"> <li>1. Tac Infosec Limited</li> <li>2. Abans Jewels Limited</li> <li>3. Abans Enterprises Limited</li> <li>4. Josts Engineering Company Limited</li> <li>5. Responsive Industries Limited</li> <li>6. Bharat Wire Ropes Limited</li> </ol>

### Brief Biographies of our Directors

**Paramjit Singh Chatha**, aged 55 years, is the Chairman, Managing Director and Promoter of our Company. He has been associated with our Company since inception and was elevated as the Managing Director of the Company with effect from April 1, 1998. He has completed his higher secondary education. He has over 25 years of experience in frozen and ready-to-eat processed food industry and has been actively involved in planning and formulating the overall business and commercial strategy and developing the Company's business. He is instrumental in the growth of our business and has developed vibrant relations with our customers. Under his leadership, our company has been successful in developing business operations.

**Sanjiv Swarup**, aged 65, is a Non-Executive Independent Director of our Company. He holds a bachelor of commerce degree from the University of Calcutta and a bachelor degree in law from Saurashtra University. He



is also a member of the Institute of Chartered Accountants of India. He has been servicing clients as a management consultant over the past 40 years.

### Remuneration details of our Directors

#### ii. Sitting fee details of our Non- Executive Director and Independent Directors

During Fiscal 2023, no sitting fees was paid to Iqbal Singh Chatha, our erstwhile Non-Executive Director. Further no sitting fees were paid to any of the Non Executive Independent Directors as all of them were appointed during the Fiscal 2024.

Except as disclosed below, none of our Directors hold any Equity Shares in our Company:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Paramjit Singh Chatha – Managing Director	42,44,695	25.67
2.	Gurcharan Singh Gosal – Executive Director	41,39,013	25.03
3.	Gurpreet Chatha – Executive Director	34,72,277	21.00

### Shareholding of Directors in our Company

Except as stated below, none of our other Directors holds any Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus:

Name of Director	Number of Equity Shares	% of the pre-Issue Equity Share Capital
Paramjit Singh Chatha	42,44,695	25.67
Gurcharan Singh Gosal	41,39,013	25.03
Gurpreet Chatha	34,72,277	21.00

### Interest of our Directors

Vide lease deed dated July 8, 2022, the Company has taken on lease a residential property from a third party, situated at House no. 293, Sector 16-A, Chandigarh for the use and occupation by Paramjit Singh Chatha, the Managing Director & Promoter of our Company for a period of 2 years.

Our Promoter Directors, Paramjit Singh Chatha, Gurpreet Chatha and Gurcharan Singh Gosal have provided personal guarantees for the working capital and term loan facilities availed by the Company. Further, the properties charged with the bank for the working capital and term loan availed by the Company, are owned by Paramjit Singh Chatha and Gurcharan Singh Gosal. For further details, please refer to the chapter titled “Financial Indebtedness” on page 107.

### Changes in our Board during the last three years

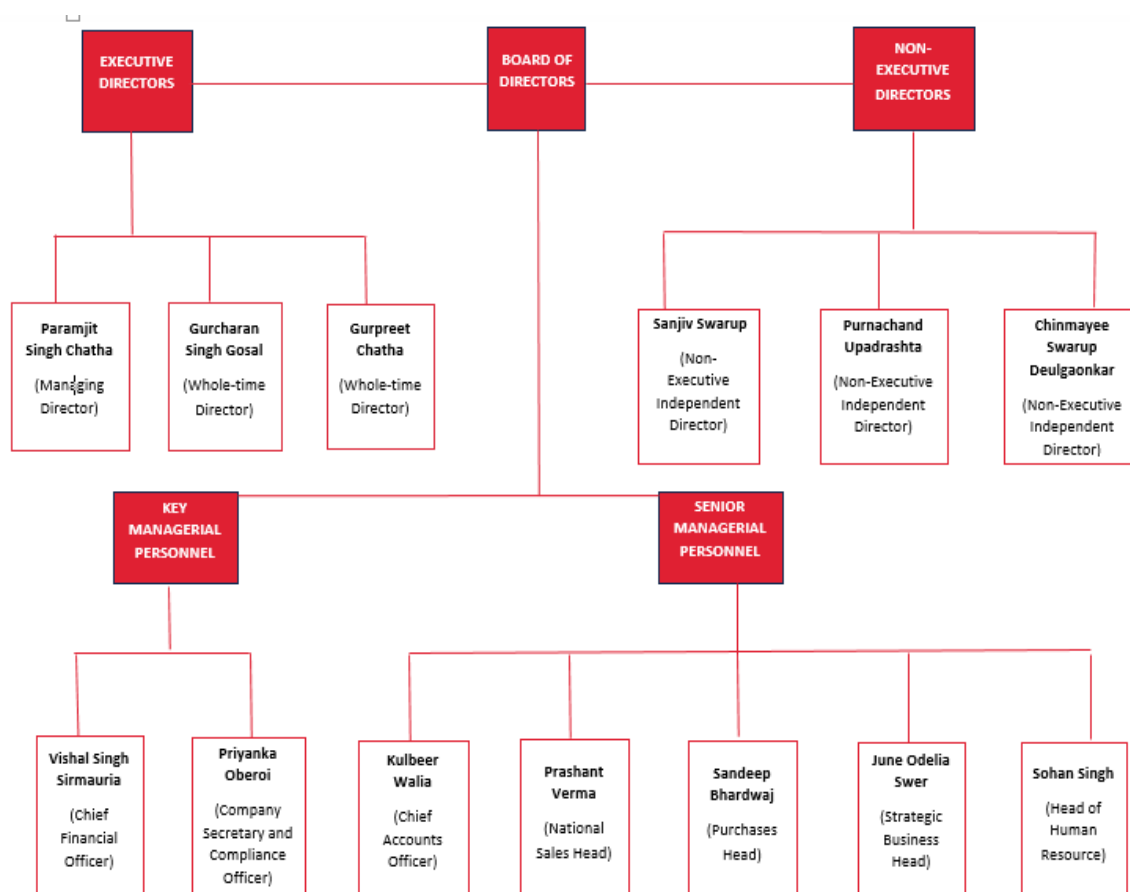
Except as disclosed below, there have been no changes in our Board during the last three years.

Name of Director	Date of Appointment	Date of Cessation	Reason
Ravi Mathur	-	July 15, 2023	Ravi Mathur who was appointed as a Nominee Director on behalf of SME Tech Fund RVCF Trust II (“RVCF”), resigned, following the exit of RVCF as a shareholder of the Company
Iqbal Singh Chatha	September 11, 2023	-	Re-designated as Chairman and Non-executive Director
Gurcharan Singh Gosal	September 11, 2023	-	Re-designated as Whole-time Director

Name of Director	Date of Appointment	Date of Cessation	Reason
Gurpreet Chatha	September 11, 2023	-	Re-designated as Whole-time Director
Iqbal Singh Chatha		January 17, 2024	Resignation as Chairman and Non-executive Director due to pre-occupation
Sanjiv Swarup	January 22, 2024		Appointment as an Additional Director (Non-Executive & Independent)
Sanjiv Swarup	January 23, 2024		Regularisation of Sanjiv Swarup as a Non-Executive & Independent Director

## Management Organization Structure

Set forth is the management organization structure of our Company:



## Corporate Governance

In additions to the applicable provisions of the Companies Act, 2013 with respect to the Corporate Governance, provisions of the SEBI Listing Regulations will be applicable to our company immediately up on the listing of Equity Shares on the Stock Exchanges.

The requirements pertaining to constitution of the committees such as the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committees have been complied with. Our Board undertakes to take all necessary steps to continue to comply with all the requirements of Listing Regulations and the Companies Act, 2013.

### Committees of our Board

#### a. Audit Committee

Our Audit Committee was reconstituted pursuant to a resolution passed at the Board Meeting dated January 27, 2024 and with the following members forming a part of the said Committee:

Name of the Director	Position in the Committee	Nature of Directorship
Purnachand Upadrashta	Chairperson	Non-Executive Independent Director
Chinmayee Swarup Deulgaonkar	Members	Non-Executive Independent Director
Paramjit Singh Chatha	Member	Managing Director

#### b. Stakeholders' Relationship Committee

Our Stakeholder' Relationship Committee was reconstituted on January 27, 2024. The members of the said Committee are as follows:

Name of the Director	Position in the Committee	Nature of Directorship
Purnachand Upadrashta	Chairperson	Non-Executive Independent Director
Gurpreet Chatha	Member	Whole-Time Director
Paramjit Singh Chatha	Member	Managing Director

#### c. Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was reconstituted on January 27, 2024 with the following members:

Name of the Director	Position in the Committee	Nature of Directorship
Purnachand Upadrashta	Chairperson	Non-Executive Independent Director
Chinmayee Swarup Deulgaonkar	Member	Non-Executive Independent Director
Sanjiv Swarup	Member	Non Executive Independent Director

#### d. IPO Committee

Our IPO Committee was reconstituted pursuant to resolution of our Board of Directors dated January 27, 2024. The members of the said Committee are as follows

Name of the Director	Position in the Committee	Nature of Directorship
Paramjit Singh Chatha	Chairperson	Managing Director
Gurcharan Singh Gosal	Member	Whole- Time Director
Purnachand Upadrashta	Member	Non-Executive Independent Director

*Note to the Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, Iqbal Singh Chatha resigned as a Non- Executive Director and Sanjiv Swarup was appointed as a Non- Executive Independent Director. Further, Paramjit Singh Chatha was appointed as the Chairman of the Board with effect from January 22, 2024. The said developments along with rectification of*

*clerical errors apparent in the above pages, have been updated as seen above from page 13 to 16 above and will be inserted in the Red Herring Prospectus.*

**Interest of Key Managerial Personnel and Senior Management**

Except as disclosed in this DRHP, none of our Key Managerial Personnel or Senior Management have any interest in our Company other than to the extent of the remuneration, equity shares held by them, if any, or benefits to which they are entitled by our Company as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Vide lease deed dated July 8, 2022, the Company has taken on lease a residential property from a third party, situated at House no. 293, Sector 16-A, Chandigarh for the use and occupation by Paramjit Singh Chatha, the Managing Director & Promoter of our Company for a period of 2 years.

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

As on the date of this Draft Red Herring Prospectus, Paramjit Singh Chatha, Gurpreet Chatha, Gurcharan Singh Gosal and Anmoldeep Singh together hold 1,23,43,185 Equity Shares, representing 74.65% of the issued, subscribed and paid-up Equity Share capital of our Company.

### Change in Control of our Company

The control of our Company has not been changed during the five years immediately preceding this Draft Red Herring Prospectus.

### Interest of our Promoters

Vide lease deed dated July 8, 2022, the Company has taken on lease a residential property from a third party, situated at House no. 293, Sector 16-A, Chandigarh for the use and occupation by Paramjit Singh Chatha, the Managing Director & Promoter of our Company for a period of 2 years.

### Our Promoter Group

In addition to our Promoter, the following individuals and entities form part of our Promoter Group in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations:

#### A. *Individuals forming part of the Promoter Group:*

Sr. No	Name of the Promoter	Name of the member of Promoter Group	Relationship with the Promoter
1.	<b>Paramjit Singh Chatha</b>	Sandeep Kaur Chatha	Spouse
		Raghujit Kaur	Sister
		Harinder Kaur	Sister
		Bikramjeet Singh Chatha	Son
		Surjit Singh Kang	Spouse's Father
		Jagmohan Singh Kang	Spouse's Brother
		Manmohan Singh Kang	Spouse's Brother
2.	<b>Gurpreet Chatha</b>	Dalwinder Singh Chatha	Adoptive Father
		Harbhajan Singh Chatha	Biological Father
		Joginder Kaur	Biological Mother
		Namrata Kaur Gurm	Spouse
		Irina Chatha	Daughter
		Kabir Singh Chatha	Son
		Balraj Kaur	Spouse's mother
3.	<b>Gurcharan Singh Gosal</b>	Balbir Singh Gurm	Spouse's Father
		Karam Kaur	Mother
		Gurpal Gosal	Spouse
		Arunjeet Gosal	Daughter
		Karanvir Gosal	Son
		Gurmeet Kaur	Spouse's mother
		Sawran Singh	Spouse's Father
4.	<b>Anmoldeep Singh</b>	Sher Singh	Spouse's Brother
		Balbir Singh	Spouse's Brother
		Mandhir Singh	Father
		Dalbir Kaur	Mother
		Rubinderjot Kaur	Spouse
		Sapangeet Grewal	Sister
		Karman Kaur	Daughter

<b>Sr. No</b>	<b>Name of the Promoter</b>	<b>Name of the member of Promoter Group</b>	<b>Relationship with the Promoter</b>
		Karanpartap Singh	Son
		Sukhbir Kaur	Spouse's mother
		Lakhwinder Singh	Spouse's Father
		Gurjodh Singh	Spouse's Brother

*Iqbal Singh Chatha, earlier forming part of public category shareholder is reclassified as a member of the Promoter Group pursuant to a resolution passed by the Board on January 17, 2024.*

***B. Entities forming part of the Promoter Group:***

1. Chatha Financial Services Private Limited
2. Chatha Financers Private Limited

*Note to the Addendum: During the period between filing of the DRHP and this Addendum, i.e. from September 30, 2023 to February 26, 2024, Iqbal Singh Chatha transferred 17,36,162 Equity Shares of the Company held by him to Paramjit Singh Chatha. The said developments have been updated as above and will be inserted in the Red Herring Prospectus.*

## **SECTION V – FINANCIAL INFORMATION**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

#### **BUSINESS OVERVIEW**

Founded in 1997, Chatha Foods Limited has established itself as a prominent player in India's frozen food processing industry. We cater to leading QSRs (Quick Serving Restaurants), CDRs (Casual Dining Restaurants), and other segments within HoReCa. Over the last 3 years, we have witnessed impressive growth, with our revenue climbing from ₹ 6,118.06 lakhs in FY 2021 to ₹ 8,733.41 lakhs in FY 2022, and further surging to ₹ 11,722.77 lakhs in FY 2023.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OTHER REGULATORY AND STATUTORY DISCLOSURES

#### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with regulation 229(2) and other provisions of Chapter IX of the SEBI ICDR Regulations, whereby an issuer whose post issue face value capital is more than 1,000 lakhs rupees and upto 2,500 lakhs rupees is eligible to issue shares to the public. Our Company also complied with eligibility conditions laid by the BSE SME for listing of our Equity Shares.

We confirm that:

1. In accordance with regulation 260 of the SEBI ICDR Regulations, this Issue will be 100% underwritten and shall not restrict to the minimum subscription level. The Book Running Lead Manger shall underwrite at least 15% of the total Issue size. For further details pertaining to underwriting please see section titled “General Information” beginning on page 29 of this Draft Red Herring Prospectus.
2. In accordance with Regulation 268(1) of the SEBI ICDR Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight (8) days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013 shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
3. We have filed Draft Red Herring Prospectus with Stock Exchange. Further, pursuant to sub regulation (5) of regulation 246 of the SEBI ICDR Regulations, the copy of Draft Red Herring Prospectus shall also be furnished to the SEBI in a soft copy. However SEBI shall not issue any observation on the Draft Red Herring Prospectus in terms of Regulation 246 of SEBI ICDR.
4. In accordance with Regulation 261 of the SEBI ICDR Regulations, we have entered into an agreement with the Book Running Lead Manager and hereby confirm to enter into an agreement with the Market Maker to ensure compulsory market making for the minimum period of three (3) years from the date of listing of equity shares offered in this Issue. For further details of the market making arrangement please see section titled “General Information” beginning on page 29 of this Draft Red Herring Prospectus.
5. Our Company was originally incorporated as ‘Chatha Foods Limited’ on October 8, 1997 as a public limited company under the Companies Act, 1956. Our Company later converted from public limited to private limited and a fresh certificate of incorporation dated June 16, 2003 was issued by the Registrar of Companies Punjab, H.P & Chandigarh. The name of our Company was again changed to ‘Chatha Foods Limited’ and a fresh certificate of incorporation dated September 8, 2023 was issued by the Registrar of Companies, Chandigarh consequent to conversion from private to public.
6. The present paid-up capital of our Company is ₹ 1,653.49 lakhs comprising of 1,65,34,879 Equity Shares of ₹ 10/- each. The present Issue is of upto 61,99,727 Equity Shares of ₹ 10/- each thereby aggregating upto ₹ 2,27,34,606 Equity Shares of ₹ 10 each. Hence, our post issue paid up capital (face value) will be less than ₹ 2,500 lakhs.
7. The Company has track record of three years as on date of filing of this Draft Red Herring Prospectus
8. There has been no change in the promoters of the Company in the preceding one year from date of filing of the application to BSE for listing on SME Platform of BSE. The control of our Company has not been acquired during the five years immediately preceding this Draft Red Herring Prospectus.
9. Our Company has positive cash accruals (earnings before depreciation and tax) from operations for at least two (2) financial years preceding the date of filing of this Draft Red Herring Prospectus.

(₹ in lakhs)

Particulars	For the year ended March 31,		
	2023	2022	2021
Earnings before interest, deprecation and tax (EBITD)	708.94	445.81	-203.50

10. Net worth of the Company is positive.

(₹ in lakhs)

Particulars	For the year ended March 31,
-------------	------------------------------



	2023	2022	2021
Net Worth	2,175.12	1,929.93	1,862.68

11. Our net tangible assets as on March 31, 2023 is ₹ 2,175.12 lakhs.
12. No petition for winding up is admitted by a court of competent jurisdiction against the Company.
13. There is no material regulatory or disciplinary action taken by a stock exchange or regulatory authority in the past one year in respect of promoters/promoting company (ies), Group Companies, companies promoted by the promoters/promoting companies of the Company.
14. There is no default of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the Company, promoters/promoting company (ies), Group Companies, companies promoted by the promoters/promoting companies of the Company.
15. Our Company has not been referred to Board for Industrial and Financial Reconstruction (BIFR).
16. Our Company has not been referred to the National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016.
17. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
18. The Company has website www.cfpl.net.in

#### Other Disclosures

19. Our Company shall mandatorily facilitate trading in demat securities and has entered into agreement with both the Depositories.
20. As per Regulation 230(1) of the SEBI (ICDR) Regulations, our Company ensured that:
  - a. The Draft Red Herring Prospectus has been filed with SME Platform of BSE Limited and our Company is in the process of receiving an in-principle approval letter from BSE for using its name in this offer document for listing our Equity Shares on the SME Platform of BSE Limited.
  - b. Our Company has entered into agreements with NSDL and CDSL dated September 6, 2019 and September 26, 2023, respectively, for dematerialisation of its Equity Shares already offered and proposed to be offered.
  - c. The entire pre- Issue Equity Share capital of our Company has been fully paid-up and the Equity Shares proposed to be offered pursuant to this Issue will be fully paid-up.
  - d. The Equity Shares held by our Promoters are in dematerialized form.
  - e. Since the entire fund requirement are to be funded from the Net Proceeds of the Issue and internal accruals there is no requirement to make firm arrangements of finance under Regulation 230(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the proposed Issue.
21. Our Company confirms that it will ensure compliance with the conditions specified in Regulation 230(2) of the SEBI ICDR Regulations, to the extent applicable.
22. Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 228 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 228 of the SEBI ICDR Regulations are as follows:
  - a. In accordance with Regulation 228 (a) of the SEBI ICDR Regulations, neither the Company nor any of its Promoters, Promoter Group or Directors are debarred from accessing the capital markets by SEBI.
  - b. In accordance with Regulation 228 (b) of the SEBI ICDR Regulations, none of our Promoters or Directors are or were associated with any other company which is debarred from accessing the capital market by the SEBI.
  - c. In accordance with Regulation 228 (c) of the SEBI ICDR Regulations, neither the Company nor any of its Promoters or Directors have been identified as a wilful defaulter or a fraudulent borrower.
  - d. In accordance with Regulation 228 (d) of the SEBI ICDR Regulations, neither the Promoters nor any of the Directors are declared as fugitive economic offenders.”
23. We further confirm that we shall be complying with all other requirements as laid down for such Issue under Chapter IX of SEBI ICDR Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

## SECTION VII – ISSUE RELATED INFORMATION

### ISSUE PROCEDURE

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

**Skyline Financial Services Private Limited**

D-153 A, 1st Floor,

Okhla Industrial Area,

Phase - I, New Delhi – 110 020, India.

**Telephone:** + 011-2681 2682-83

**Email:** ipo@skylinerta.com , info@skylinerta.com

**Website:** www.skylinerta.com

**Investor Grievance Id:** ipo@skylinerta.com

**Contact Person:** Anuj Rana

**SEBI Registration No:** INR000003241

## **SECTION IX – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following documents and contracts which have been entered into or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Prospectus which will be delivered to the RoC for registration. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company located at Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India on all Working Days from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

#### **Material contracts to the Issue**

4. Underwriting Agreement dated December 6, 2023 entered into among our Company and Indorient Financial Services Limited, the Underwriter.
5. Market Making Agreement dated December 6, 2023 entered into among our Company, Alacrity Securities Limited, the Market Maker and Indorient Financial Services Limited, the Book Running Lead Manager.

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Addendum to the Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**  
**Paramjit Singh Chatha**  
**Managing Director**

**Date:** February 26, 2024

**Place:** Mohali

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Addendum to the Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**

**Gurpreet Chatha**  
**Whole-time Director**

**Date:** February 26, 2024

**Place:** Mohali

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Addendum to the Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**  
**Gurcharan Singh Gosal**  
**Whole-time Director**

**Date:** February 26, 2024

**Place:** Mohali

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Addendum to the Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**  
**Sanjiv Swarup**  
**Non-Executive Independent Director**

**Date:** February 26, 2024

**Place:** Mumbai

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Addendum to the Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**

**Purnachand Upadrashta  
Non-Executive Independent Director**

**Date:** February 26, 2024

**Place:** Gurgaon



## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Addendum to the Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**

**Chinmayee Swarup Deulgaonkar**  
**Non-Executive Independent Director**

**Date:** February 26, 2024

**Place:** Mumbai

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Addendum to the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Addendum to the Draft Red Herring Prospectus are true and correct.

**SIGNED BY CHIEF FINANCIAL OFFICER OF OUR COMPANY**

**Sd/-**

**Vishal Singh Sirmauria  
Chief Financial Officer**

**Date:** February 26, 2024

**Place:** Mohali



# CHATHA FOODS

PROCESSED & FROZEN FOOD

**CHATHA FOODS LIMITED**  
CORPORATE IDENTITY NUMBER: U15310PB1997PLC020578

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON
272, Mota Singh Nagar, Jalandhar – 144 001, Village Chaundheri Ambala Road, District Mohali, Mohali - Punjab, India.	140 501, India	<b>Priyanka Oberoi</b> Company Secretary and Compliance Officer
EMAIL	TELEPHONE	WEBSITE
<a href="mailto:cs@cfpl.net.in">cs@cfpl.net.in</a>	+ 91 18146 16381	<a href="http://www.cfpl.net.in">www.cfpl.net.in</a>

**OUR PROMOTERS: PARAMJIT SINGH CHATHA, GURPREET CHATHA, GURCHARAN SINGH GOSAL AND ANMOLDEEP SINGH**

Type	Fresh Issue Size (₹ in lakhs)	Offer for Sale Size	Total Issue Size (₹ in lakhs)	Eligibility per 229(2) & Share Reservation among NII & RII
Fresh Issue	₹ [●] Lakhs	Nil	₹ [●] Lakhs	This Issue is being made pursuant to Regulation 229(2) and 253(1) of SEBI ICDR Regulations, as amended. (The post Issue face value capital of our Company exceeds ₹ 1,000 lakhs but does not exceed ₹ 2,500 lakhs)

### RISK IN REALTION TO THE FIRST ISSUE

This being the first Public Issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹10 each and the Issue Price is [●] times the face value. The Issue Price (determined and justified by our Company in consultation with the Book Running Lead Manager) as stated under section titled “Basis for Issue Price” beginning on page 52 of this Draft Red Herring Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISK

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to section titled “Risk Factors” beginning on page 14 of this Draft Red Herring Prospectus.

### COMPANY’S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the SME Platform of BSE Limited (“BSE SME”). In terms of the Chapter IX of the SEBI ICDR Regulations, as amended from time to time, our Company has received in-principal approval letter dated [●] from BSE SME for using its name in this Issue document for listing our shares on the BSE SME. For the purpose of this Issue, the Designated Stock Exchange will be BSE Limited

### BOOK RUNNING LEAD MANAGER TO THE ISSUE

### REGISTRAR TO THE ISSUE

  
**Indorient**  
Financial Services Limited  
**Indorient Financial Services Limited**  
Telephone: +91 79772 12186  
Email: [compliance-ifsl@indorient.in](mailto:compliance-ifsl@indorient.in)  
Investor Grievance Id: [wecare@indorient.in](mailto:wecare@indorient.in)  
Contact Person: Ivor Anil Misquith

  
**Skyline**  
Financial Services Pvt. Ltd.  
**Skyline Financial Services Private Limited**  
Telephone: + 91 97187 39908  
Email: [contact@skylinerta.com](mailto:contact@skylinerta.com), [info@skylinerta.com](mailto:info@skylinerta.com)  
Investor Grievance Id: [contact@skylinerta.com](mailto:contact@skylinerta.com)  
Contact Person: Dinesh, Meenakshi

### ISSUE PROGRAMME

**BID/ISSUE OPENS ON: [●]**

**BID/ISSUE CLOSES ON: [●]**



# CHATHA FOODS

PROCESSED & FROZEN FOOD

## CHATHA FOODS LIMITED

Our Company was incorporated as a public limited company in the name and style of 'Chatha Foods Limited' pursuant to certificate of incorporation dated October 8, 1997 issued by Registrar of Companies Punjab, H.P & Chandigarh. Subsequently, our Company was converted into a private limited company and consequently the name of our Company was changed to 'Chatha Foods Private Limited' and a fresh certificate of incorporation dated June 16, 2003 was issued by the Registrar of Companies Punjab, H.P & Chandigarh. Thereafter, the name our Company was again changed to its present name, i.e. 'Chatha Foods Limited' pursuant to its conversion from private limited to a public limited company and a fresh certificate of incorporation dated September 8, 2023 was issued by the Registrar of Companies, Chandigarh consequent upon such conversion. For further details please see section titled 'History and Certain Corporate Matters' on page 82.

**Registered Office:** 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India; **Corporate Office:** Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India; **Telephone: +91 18146 16381; Email:** cs@cfpl.net.in; **Website:** www.cfpl.net.in; **Contact Person:** Priyanka Oberoi, Company Secretary and Compliance Officer

### PROMOTERS OF OUR COMPANY: PARAMJIT SINGH CHATHA, GURPREET CHATHA, GURCHARAN SINGH GOSAL AND ANMOLDEEP SINGH

#### THE ISSUE

INITIAL PUBLIC ISSUE CONSISTING OF FRESH ISSUE OF UP TO 61,99,727 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF CHATHA FOODS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UPTO ₹ [●] LAKHS (THE "ISSUE"), OF WHICH UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ [●] EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E., NET ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ [●] EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS (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. FOR FURTHER DETAILS, PLEASE SEE SECTION TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE 127.

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND WILL BE ADVERTISED IN ALL EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND ALL EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, AND PUNJABI EDITION OF [●], A REGIONAL NEWSPAPER (PUNJABI BEING THE REGIONAL LANGUAGE OF PUNJAB WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE SME PLATFORM OF BSE LIMITED THE PURPOSES OF UPLOADING ON THEIR WEBSITE.

In case of any revision in the Price Band, the Bid/Issue Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company, for reasons to be recorded in writing extend the Bid/Issue Period for a minimum of three Working Days, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchange by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 253 of the SEBI ICDR Regulations, as amended, wherein not more than 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs", the "QIB Portion"), provided that our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see "Issue Procedure" beginning on page 134 of this Draft Red Herring Prospectus.

#### RISK IN RELATION TO FIRST ISSUE

This being the first Public Issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹10 each and the Issue Price is [●] times the face value. The Issue Price (determined and justified by our Company and in consultation with the Lead Manager) as stated under section titled "Basis for Issue Price" beginning on page 52 of this Draft Red Herring Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

#### GENERAL RISKS

Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to section titled "Risk Factors" beginning on page 14.

#### COMPANY'S ABSOLUTE RESPONSIBILITY

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

#### LISTING

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the SME Platform of BSE Limited ("BSE SME"). In terms of the Chapter IX of the SEBI ICDR Regulations, as amended from time to time, our Company has received in-principal approval letter dated [●] from BSE SME for using its name in this Issue document for listing our shares on the BSE SME. For the purpose of this Issue, the Designated Stock Exchange will be BSE Limited.

#### BOOK RUNNING LEAD MANAGER

#### REGISTRAR TO THE ISSUE



**Indorient Financial Services Limited**  
A-501, Executive Spaces, Rustomjee Central Park, Andheri Kurla Road, Chakala, Mumbai 400 093, Maharashtra, India.  
**Telephone:** +91 79772 12186  
**Email:** compliance-ifsl@indorient.in  
**Website:** www.indorient.in  
**Investor Grievance Id:** wecare@indorient.in  
**Contact Person:** Ivor Anil Misquith  
**SEBI Registration No:** INM000012661



**Skyline Financial Services Private Limited**  
D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi – 110 020, India.  
**Telephone:** +91 97187 39908  
**Email:** contact@skylinerta.com, info@skylinerta.com  
**Website:** www.skylinerta.com  
**Investor Grievance Id:** contact@skylinerta.com  
**Contact Person:** Dinesh, Meenakshi  
**SEBI Registration No:** INR000003241

#### BID/ISSUE PROGRAMME

ANCHOR PORTION ISSUE OPENS/CLOSES ON: [●]\*

BID/ISSUE OPENS ON: [●]\*\*

BID/ISSUE CLOSES ON: [●]\*\*#

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

\*\*Our Company may, in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

# UPI mandate end time and date shall be at 5:00 p.m. on the Bid/Issue Closing Date.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

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

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI (ICDR) Regulations, the Securities Contracts Regulation Act, 1992 (“SCRA”), the Depositories Act, 1996, as amended and the rules and regulations made there under, as applicable.*

*Notwithstanding the foregoing, terms in “Main Provisions of Articles of Association”, “Issue Procedure” “Statement of Possible Special Tax Benefits”, “Industry Overview”, “Key Regulations and Policies in India”, “Financial Information”, “Outstanding Litigation and Other Material Developments” and “Government and Other Approvals”, will have the meaning ascribed to such terms in these respective sections.*

#### COMPANY RELATED TERMS

Terms	Description
Articles, Articles of Association or AoA	The Articles of Association of Company as amended from time to time.
Auditor/Statutory Auditor	The Statutory Auditors of our Company, being M/s. A. Bafna & Co., Chartered Accountants having their office at K-2 Keshav Path, Near Ahinsa Circle, C- Scheme, Jaipur-302 001
Audit Committee	Audit Committee of our Company constituted in accordance with Companies Act, 2013 as disclosed in the section titled “ <i>Our Management</i> ” on page 86 of this Draft Red Herring Prospectus
Board of Director or the/our Board	Unless otherwise specified, the Board of Directors of our Company, as duly constituted from time to time, including any committees thereof
CFO, Chief Financial Officer	The Chief Financial Officer of our Company being Vishal Singh Sirmauria
“Chatha Foods Limited”, “CFL”, “Company” “The Company”, “Our Company”, “Issuer Company”, “Issuer”	Unless the context otherwise indicates or implies, “Chatha Foods Limited” a public limited company incorporated under the provisions of Companies Act, 1956 having its registered office at 272, Mota Singh Nagar Jalandhar – 144 001, Punjab, India. Corporate Office of our Company located at Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India.
Companies Act	The Companies Act, 2013 and amendments thereto. The Companies Act, 1956, to the extent of such provisions that are in force
Company Secretary & Compliance Officer	The Company Secretary and Compliance Officer of our Company being Priyanka Oberoi
Corporate Social Responsibility Committee	Corporate Social Responsibility Committee of the Board constituted in accordance with the applicable provisions of the Companies Act, 2013, described in “ <i>Our Management</i> ” on page 86
Cost Assessment Report Civil	The cost assessment report dated September 28, 2023 certifying the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to cost of Land and Capital Expenditure pursuant to construction of Building and Civil work prepared and issued by Chartered Engineer, Vinod Kumar Garg.
Cost Assessment Report Plant and Machinery	The cost assessment report dated September 28, 2023 certifying the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to Capital expenditure towards the Processing Plant & Machinery, Utilities prepared and issued by Chartered Engineer, Ravi Behl.
DIN	Director’s Identification Number
Equity Shares	The Equity Shares of our Company of face value ₹10 each, fully paid up, unless otherwise specified in the context thereof
Equity Shareholders	Persons/Entities holding Equity Shares in our Company.
Face Value	The face value of our Equity Shares, being ₹10 per Equity Shares.
Group Companies	Such companies with which there were related party transactions, during the period for which financial information is disclosed in this Draft Red Herring Prospectus, which are covered under the applicable accounting standards and other companies as considered material by our Board. As on date we do not have group companies.
HUF	Hindu Undivided Family
IFRS	International Finance and Reporting Standards
Ind AS	Indian Accounting Standards
Ind GAAP	Generally Accepted Accounting Principles of India
Independent Director	Non-executive and Independent Director as per the Companies Act, 2013
IPO Committee	The IPO committee of the Board, described in “ <i>Our Management</i> ” on page 86
IT Act	The Income Tax Act, 1961 as amended till date
JV/Joint Venture	A commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities
ISIN	International Securities Identification Number. In this case being INE0AH901011
KMP/ Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI ICDR Regulations, Section 2(51) of the Companies Act, 2013 and as disclosed in the section titled “ <i>Our Management</i> ” beginning on page 86
Manufacturing Facility	Our manufacturing facility located at Village Chaundheri, Ambala Road, District Mohali, Punjab – 140 501, India
MD / Managing Director	Managing Director of the Company, namely, Paramjit Singh Chatha
Materiality Policy	The policy on materiality of group companies, material creditors and material litigation, adopted by our Board on September 11, 2023 in accordance with SEBI (ICDR) Regulations.
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company as amended from time to time.
Nomination and Remuneration Committee	Nomination and Remuneration Committee of our Company constituted in accordance with Companies Act, 2013 as disclosed in the section titled “ <i>Our Management</i> ” on page 86



Non-residents	A person resident out of India, as defined under FEMA Regulations, 2000.
Peer Review Auditor	Independent Auditor having a valid peer review certificate in our case being <i>M/s. A. Bafna &amp; Co., Chartered Accountants</i> having its office at K-2 Keshav Path, Near Ahinsa Circle, C- Scheme, Jaipur-302001
Promoters	The promoters of our Company, namely, Paramjit Singh Chatha, Gurpreet Chatha, Gurcharan Singh Gosal and Anmoldeep Singh
Promoter Group	Includes such persons and entities constituting our promoter group covered under Regulation 2(1)(pp) of the SEBI (ICDR) Regulations as enlisted in the section titled “ <i>Our Promoters and Promoter Group</i> ” beginning on page 98
Proposed Manufacturing Facility	The proposed manufacturing facility to be set up at Village Tofhapur, Tehsil Dera Bassi, Distt SAS Nagar, Mohali, Punjab, India.
Registered Office	Registered office of our Company is presently situated at 272, Mota Singh Nagar Jalandhar – 144 001, India
Audited Financial Statements/ Information/ Statements	Restated Financial Information/ Restated Financial Statements
	The restated audited financial information of the Company, which comprises of the restated statement of assets and liabilities as at March 31, 2023, March 31, 2022, and March 31, 2021; and the restated statement of profit and loss and restated statement of cash flows for the financial year ended March 31, 2023, March 31, 2022, and March 31, 2021 and the summary statement of significant accounting policies and other explanatory notes
RoC/ Registrar of Companies	The Registrar of Companies, Chandigarh.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992.
Senior Management	Senior managerial personnel of our Company in terms of Regulation 2(1) (bbbb) of the SEBI ICDR Regulations, and as disclosed in the section titled “ <i>Our Management</i> ” beginning on page 86
Subscriber to MoA	Initial Subscribers to MoA
Stakeholders Relationship Committee	Stakeholder’s Relationship Committee of our Company constituted under Companies Act, 2013 as disclosed in the section titled “ <i>Our Management</i> ” on page 86
“we”, “our” or “us”	Unless the context otherwise indicates or implies, refers to our Company
Willful Defaulter(s) or a Fraudulent Borrower	A person or an issuer who or which is categorized as a willful defaulter or a fraudulent borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on willful defaulters issued by Reserve Bank of India, as defined under Regulation 2(1)(III) of SEBI (ICDR) Regulations

#### ISSUE RELATED TERMS

Terms	Description
Acknowledgement Slip	The slip or document issued by Designated Intermediary to the Applicant as proof of having accepted the Application Form
Allot/Allotted/Allotment of Equity Shares	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Issue of the Equity Shares to the successful Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee(s)	A successful Applicant(s) to whom the Equity Shares have been/are being allotted
Applicant/Investor	Any prospective investor who makes an application pursuant to the terms of the Draft Red Herring Prospectus and the Application Form
Application	An indication to make an offer during the Issue Period by an applicant, pursuant to submission of Application Form, to subscribe for or purchase our Equity Shares at the Issue Price including all revisions and modifications thereto, to the extent permissible under the SEBI (ICDR) Regulations
Application Amount	The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form
Application Form	The Form in terms of which an Applicant shall make an Application and which shall be considered as the application for the Allotment pursuant to the terms of this Draft Red Herring Prospectus
Application Supported by Blocked Amount or ASBA or UPI	An application, whether physical or electronic, used by ASBA Bidders, to make a Bid authorizing a SCSB to block the Bid Amount in the ASBA Account including the bank account linked with UPI ID.  Pursuant to SEBI Circular No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) process or UPI payment mechanism by providing UPI ID in the Application Form which is linked from Bank Account of the investor.
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a Retail Individual Investor which is blocked upon acceptance of a UPI Mandate Request made by the Retail Individual Investors using the UPI Mechanism
ASBA Bidder(s)/ Applicant(s)	Any prospective investors in this Issue who apply for the Equity Shares of our Company through the ASBA process in terms of this Draft Red Herring Prospectus
ASBA Forms	An application form (with or without the use of UPI, as may be applicable), whether physical or electronic, used by ASBA Bidders, which will be considered as the application for Allotment in terms of the Draft Red Herring Prospectus
ASBA Application Location(s)/ Specified Cities	Such branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time
Banker to the Issue	Banks which are clearing members and registered with SEBI as banker to the issue and with whom the Public Issue Account will be opened, in this case being [●]
Banker to the Issue Agreement	Agreement dated [●] entered into amongst the Company, Book Running Lead Manager, the Registrar and the Banker to the Issue

Basis of Allotment	The Basis of which the Equity Shares will be allotted to successful Applicants under the Issue, as described in the section titled “ <i>Basis of Allotment</i> ” under chapter titled “ <i>Issue Procedure</i> ” beginning on page 152.
Bid	An indication to make an offer during the Bid/ Issue Period by a Bidder (other than an Anchor Investor) pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Issue Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Issue.
Bid Lot	[●] equity shares and in multiples of [●] equity shares thereafter
Bid/Issue Closing Date	The date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] and editions of [●] (a widely circulated Punjabi national daily newspaper, Punjabi being the regional language of Punjab, Registered Office is located).  Our Company in consultation with the BRLM, may, consider closing the Bid/ Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/ Issue Closing Date shall be widely disseminated by notification to the Stock Exchange, and also be notified on the websites of the BRLM and at the terminals of the Syndicate Members, if any and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in same newspapers in which the Bid/ Issue Opening Date was published, as required under the SEBI ICDR Regulations.
Bid/Issue Opening Date	The date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in [●] editions of [●] (a widely circulated English national daily newspaper), [●] and editions of [●] (a widely circulated Punjabi national daily newspaper, Punjabi being the regional language of Punjab, where our Registered Office is located).
Bid/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus. Provided, however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders.  Our Company in consultation with the Book Running Lead Manager may consider closing the Bid/Issue Period for the QIB Portion One Working Day prior to the Bid/Issue Closing Date which shall also be notified in an advertisement in same newspapers in which the Bid/Issue Opening Date was published, in accordance with the SEBI ICDR Regulations.  In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLM, for reasons to be recorded in writing, extend the Bid / Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days.
Bidder/ Investor	Any prospective investor who makes a bid for Equity Shares in terms of Red Herring Prospectus.
Bidding Centers	Centers at which the Designated Intermediaries shall accept the Bid cum Application Forms i.e. Designated SCSB Branch for SCSBs, Specified Locations for members of the Syndicate, Broker Centers for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Issue is being made.
Book Running Lead Manager	Means merchant banker registered with SEBI and appointed by Issuer to manage the Issue. <b>Book Running Lead Manager to the Issue, in this case being Indorient Financial Services Limited</b>
Broker Centers	Broker centers notified by the Stock Exchanges where investors can submit the Application Forms to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchange.
Business Day	Monday to Saturday (except 2nd and 4th Saturday of a month and public holidays)
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on / after the Anchor Investor Bidding Date
Cap Price	The higher end of the price band above which the Issue Price will not be finalized and above which no Bids (or a revision thereof) will be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to the demat account
Collection Centers	Centers at which the Designated Intermediaries shall accept the ASBA Account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI
Controlling Branches of SCSBs	Such branches of SCSBs which co-ordinate Applications under this Issue made by the Applicants with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is provided on <a href="http://www.sebi.gov">http://www.sebi.gov</a> or at such other website as may be prescribed by SEBI from time to time
Cut Off Price	The Issue Price, which shall be any price within the Price band as finalized by our Company in consultation with the BRLM. Only Retail Individual Investors are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investor) and Non-Institutional Investors are not entitled to Bid at the Cut-off Price.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account Details



Depository/Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, being NSDL and CDSL
Depository Participant/DP	A depository participant as defined under the Depositories Act, 1966
Designated CDP Locations	Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated Date	The date on which relevant amounts blocked by SCSBs are transferred from the ASBA Accounts to the Public Issue Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIIs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Issue Account or the Refund Account, as the case may be, in terms of the Prospectus following which Equity Shares will be Allotted in the Issue
Designated Intermediaries/ Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a syndicate member (or sub-syndicate member), a Registered Broker, Designated CDP Locations for CDP, a registrar to an issue and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity)
Designated RTA Locations	Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RATs eligible to accept Application Forms are available on the website of the Stock Exchange, i.e. <a href="http://www.bseindia.com">www.bseindia.com</a>
Designated Stock Exchange	SME Platform of BSE Limited/ BSE SME
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated September 30, 2023 issued in accordance Section 26 & 32 of Companies Act, 2013 filed with BSE SME under the SEBI (ICDR) Regulations
DP	Depository Participant
DP ID	Depository Participant's Identity Number
Eligible NRIs	NRI(s) from such jurisdiction outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares Issued herein on the basis of the terms thereof.
Eligible QFIs	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Draft Red Herring Prospectus constitutes an invitation to purchase the Equity Shares Issued thereby and who have opened demat accounts with SEBI registered qualified depository participants
Electronic Transfer of Funds	Refund through ECS, NEFT, Direct Credit of RTGS as applicable
FII/ Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws of India
First Bidder/ Applicant / Bidders	The Applicant whose name appears first in the Application Form
Fresh Issue	The Fresh Issue of upto 61,99,727 Equity Shares aggregating up to ₹ [●] lakhs.
Foreign Venture Capital Fund	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
FPI/Foreign Portfolio Investors	A Foreign Portfolio Investor who has been registered pursuant to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, provided that any FII who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended
IPO	Initial Public Offering
Issue/Public Issue/Issue Size/Initial Public Issue/IPO	Public Issue of upto 61,99,727 Equity Shares of Face Value of ₹10 each of our Company for cash at the price of ₹[●]/- per Equity Share at aggregating up to [●] by our Company, in terms of this Draft Red Herring Prospectus
Issue Agreement	The issue agreement dated September 28, 2023 executed between our Company and the Book Running Lead Manager pursuant to which certain arrangements are agreed in relation to the Issue
Issue Price	The Price at which Equity Shares are being issued by the Company being ₹[●]/- per Equity Share
Issue Proceeds	The proceeds of the Issue as stipulated by the Company. For information about the Issue Proceeds please see section titled "Objects of the Issue" beginning on page no. 46
Issue/ Issue Size/ Initial Public Issue/ Initial Public Offering/ IPO	The initial public offering of up to 61,99,727 Equity Shares for cash at a price of ₹ [●] each, aggregating up to ₹ [●] lakhs.
KPI	Key Performance Indicators
Market Maker	Market Maker to the Issue being, [●]
Mutual Fund(s)	Mutual fund (s) registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by the Company
Non-Institutional Investors or NIIs	All Applicants, including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an amount of more than ₹ 2.00 Lakh (but not including NRIs other than Eligible NRIs)
OCB	Overseas Corporate Body
Other Investor	Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
Price Band	The price band ranging from the Floor Price of ₹[●] per Equity Share to the Cap Price of ₹[●] per Equity Share, including any revisions thereof. The Price Band and minimum Bid Lot, as decided by our Company in consultation with the BRLMs and will be advertised in all editions of the English national daily newspaper [●], and all editions of the Hindi national daily newspaper [●], and the [●] edition of Punjabi newspaper [●] (Punjabi being the regional language of Punjab wherein our Registered Office is located) each with wide circulation, at least two Working Days prior to the Bid/ Issue Opening Date with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company in consultation with the BRLMs, will finalise the Issue Price
Prospectus	The prospectus dated [●] filed with the RoC, Chandigarh in accordance with the provisions of Section 26 & 32 of the Companies Act, 2013 and SEBI ICDR Regulations.

Public Issue Account	The Bank Account opened with the Banker(s) to this Issue under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Accounts on the Designated Date.
Qualified Institutional Buyers or QIBs	A qualified institutional buyer defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIB Bidders	QIBs who Bid in the Issue
QIB Portion	The portion of the Issue (including the Anchor Investor Portion) being not less than 75% of the Issue, consisting of [●] Equity Shares aggregating to ₹[●] lakhs which shall be Allotted to QIBs (including Anchor Investors) on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs), subject to valid Bids being received at or above the Issue Price
QIB Bid/ Offer Closing Date	In the event our Company in consultation with the BRLMs, decide to close Bidding by QIBs one day prior to the Bid/Offer Closing Date, the date one day prior to the Bid/Offer Closing Date; otherwise it shall be the same as the Bid/Offer Closing Date
Red Herring Prospectus	The Red Herring Prospectus dated [●] issued in accordance Section 26 & 32 of Companies Act, 2013 to be filed with BSE SME and RoC, Chandigarh under the SEBI (ICDR) Regulations
Registered Brokers	Stockbrokers registered with the stock exchanges having nationwide terminals, other than members of the Syndicate
Registrar and Share Transfer Agents of RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Skyline Financial Services Private Limited
Registrar Agreement	The agreement dated September 28, 2023 entered into between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar pertaining to the Issue
Reserved Category/Categories	Categories of persons eligible for making applications under the Reservation Portion
Retail Individual Investors/RIIs	Applicants or minors applying through their natural guardians, (including HUFs in the name of Karta and Eligible NRIs) who have applied for an amount less than or equal to ₹2.00 Lakh in this Issue
Revision Form	The form used by the Applicants to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s), as applicable  QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date
Self-certified Syndicate Bank(s) or SCSB(s)	Banks registered with SEBI, Issuing Services in relation to ASBA, a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> or at such other website as may be prescribed by SEBI from time to time
Specified Locations	Collection Centers where the SCSBs shall accept application forms, a list of which is available on the website of the <a href="https://www.sebi.gov.in/">https://www.sebi.gov.in/</a> and updated from time to time
SEBI ICDR Regulations/ ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 issued by SEBI on September 11, 2018, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations/ SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time
SEBI Listing Regulations, 2015/ SEBI Listing Regulations/ Listing Regulations/ SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as amended thereto, including instructions and clarifications issued by SEBI from time to time
SEBI (Venture Capital) Regulations	Securities Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time
Transaction Registration Slip /TRS	The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the applicants, as proof of registration of the Application
Underwriter	Underwriter to the Issue being [●]
UPI	Unified Payments Interface (UPI) is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing & merchant payments into one hood. UPI allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a person's bank a/c
UPI Bidder	Collectively, individual investors applying as RIBs in the Retail Portion, and individuals applying as Non-Institutional Investors with a Bid Amount of up to ₹5,00,000 in the Non-Institutional Portion by using the UPI Mechanism. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual investors applying in public issues where the application amount is up to ₹5,00,000 shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an offer and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity)
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL2/OW/P/2021/2481/1/M dated March 16, 2021, SEBI circular number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and any subsequent circulars or notifications issued by SEBI in this regard

UPI ID	ID created on the UPI for single-window mobile payment system developed by the NPCI
UPI Manadate Request	A request (intimating the UPI Bidders by way of a notification on the UPI application and by way of a SMS directing the UPI Biddersto such UPI application) to the UPI Bidderinitiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The bidding mechanism that may be used by a Retail Individual Investor in accordance with the UPI Circulars to make an ASBA Bid in the Issue
U.S Securities Act	U.S. Securities Act, 1933, as amended
Working Days	“Working day” means all days on which commercial banks in the city as specified in the issue document are open for business. However, till issue period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in the city as notified in the issue document are open for business. The time period between the bid/issue closing date and the listing of the specified securities on the stock exchanges, working day shall mean all trading days of the stock exchanges, excluding Sundays and bank holidays, as per circulars issued by the Board, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and in terms of regulation 2(1)(mmm) of SEBI ICDR Regulations.

## BUSINESS AND INDUSTRY RELATED TERMS

Term	Description
APEDA	Agricultural and Processed Food Products Export Development Authority
BCD	Basic Customs Duty
B2B	Business to Business
B2C	Business to Consumer
BRC	British Retail Consortium
BRCGS	Brand Reputation Compliance Global Standards
CDRs	Casual dining restaurants
CIBIL	Credit Information Bureau (India) Limited
COVID-19	Coronavirus disease
CPI	Consumer Prices Index
DFTP	Duty Free Tariff Preference
DIPP	Department of Industrial Policy and Promotion
DUNS	Data Universal Numbering System
ECLGS	Emergency Credit Line Guarantee Scheme
EGMM	Employment Generation and Marketing Mission
EMDEs	Emerging Market and Developing Economies
FDA	Food and Drug Administration
FSMS	Food Safety Management Systems
FPO	Food Processing Organizations
FSSAI	Food Safety and Standards Association of India
FSR	Financial Stability Report
GFSI	Global Food Safety Initiative
GVA	Gross Value Added
GDP	Gross Domestic Product
HoReCa	Hotel-Restaurant-Catering
IIFPT	Indian Institute of Food Processing Technology
IIP	Index of Industrial Production
IMD	Indian Meteorological Department
IMF	International Monetary Fund
ISO	International Organization for Standardization
MNCs	Multi-National Companies
MOSPI	Ministry of Statics and Program Implementation
PSPCL	Punjab State Power Corporation Limited
NABL	National Accreditation Board for Testing and Calibration Laboratories
NBFC	Non-Banking Financial Companies
NIFTEM	National institute of Food Technology, Entrepreneurship and Management
NPA	Non Performing Assets
NSSO	National Sample Survey Organisation
OEM	Original Equipment Manufacturer
ONDC	Open Network of Digital Commerce
PAN	Presence Across Nation
PLI	Production-Linked Incentive
QR Code	Quick Response Code
QSR	Quick Service Restaurant
RCMC	Registration-Cum-Membership Certificate
SKU	Stock Keeping Units
SWOT	Strength Weakness Opportunities and Threats
WTO	World Trade Organization

## CONVENTIONAL AND GENERAL TERMS/ABBREVIATIONS

Term	Description
A.Y./AY	Assessment Year
A/C	Account
AGM	Annual General Meeting

AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
Bn	Billion
CAGR	Compounded Annual Growth Rate
Category I Foreign Portfolio Investor(s)	FPIs who are registered as “Category I foreign portfolio investor” under the SEBI FPI Regulations.
Category II Foreign Portfolio Investor(s)	FPIs who are registered as “Category II foreign portfolio investor” under the SEBI FPI Regulations.
Category III Foreign Portfolio Investor(s)	FPIs who are registered as “Category III foreign portfolio investor” under the SEBI FPI Regulations.
CST Act	Central Sales Tax Act, 1956
CGST	Central Goods and Services Tax
Cm	Centimeter
DIN	Director Identification Number
DIPP	Department of Industrial Policy & Promotion
EGM	Extraordinary General Meeting
EPA	The Environment Protection Act, 1986
EPFA	The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
ESI Act	The Employees’ State Insurance Act, 1948
F.Y./FY/ Fiscal	Financial Year
FEMA	Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under.
FEMA 2000	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
FII(s)	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India.
Ft	Foot
FTP	Foreign Trade Policy
Fugitive economic offender	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018.
GOI/ Government	Government of India
Gratuity Act	The Payment of Gratuity Act, 1972
GST Act	The Central Goods and Services Tax Act, 2017
HNI	High Net worth Individual
HUF	Hindu Undivided Family
I. T. Act	The Income Tax Act, 1961, as amended from time to time
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
INR	Indian National Rupee
IT Authorities	Income Tax Authorities
IEM	Industrial Entrepreneurs Memorandum
IFSC	Indian Financial System Code
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
MCA	The Ministry of Corporate Affairs, GoI
MSME	Micro, Small and Medium Enterprise
MWA	Minimum Wages Act, 1948
Mn	Million
MoEF	Ministry of Environment and Forests
MoU	Memorandum of Understanding
MT	Metric Ton
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual
N/A or N.A.	Not Applicable
NAV	Net Asset Value
NOC	No Objection Certificate
NR	Non-Resident
NSDL	National Securities Depository Limited
p.a.	per annum
P/E Ratio	Price Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
QFI(s)	Qualified Foreign Investor(s) as defined under the SEBI FPI Regulations
RBI	Reserve Bank of India

RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC	Registrar of Companies
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self-Certified Syndicate Bank
SGST	State Goods and Services Tax
SME	Small Medium Enterprise
SSI Undertaking	Small Scale Industrial Undertaking
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TNW	Total Net Worth
Trn	Trillion
U.K.	United Kingdom
U.S.A.	United States of America
VAT	Value Added Tax
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India)
Wages Act	Payment of Wages Act, 1936
WCA	The Workmen's Compensation Act, 1923
y -o-y	Year over year

#### KEY PERFORMANCE INDICATORS

KPI	Explanations
No. of SKU's	Calculated as total SKUs developed by the Company either through concept manufacturing or concept sharing manufacturing approaches.
No. of customers	Calculated as total clients for whom we are providing serving
No. of Employees	Calculated as total employees employed in the business
Total Revenue	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of the Company and size of our business.
EBITDA	EBITDA provides a comprehensive view of our financial health as it considers all sources of our income.
EBITDA (%)	EBITDA margin (%) is financial ratio that measures our profitability as a percentage of its total revenue.
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT (%)	PAT Margin is an indicator of the overall profitability and financial performance of our business.
Net Worth	Net worth represents the shareholders funds invested in the business.
Debt Service Coverage Ratio	Calculated as the sum of profit before tax, depreciation and amortization expense and finance cost divided by the sum of lease payments, principal repayments of secured and unsecured loans, and finance cost related to borrowings
Return on Net Worth	Return on Networth (%) is an indicator of our efficiency as it measures our profitability. It represents how efficiently we generate profits from our shareholders funds.
Current Ratio	It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
Cash Conversion Cycle	Cash conversion cycle is a metric expressing how many days it takes a company to convert the cash it spends on inventory back into cash by selling its product



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

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India. All references in this Draft Red Herring Prospectus to the “U.S.”, “USA” or “United States” are to the United States of America.

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

In this Draft Red Herring Prospectus, the terms “the Company”, “Our Company”, “the Issuer”, “Chatha Foods”, “CFL”, and “Chatha Foods Limited” unless the context otherwise indicates or implies, refers to “Chatha Foods Limited”.

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lac / Lakh” means “one hundred thousand”, the word “million (mn)” means “Ten Lakhs / Lakhs”, the word “Crore” means “ten million” and the word “billion (Bn)” means “one hundred crores”. In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

### FINANCIAL DATA

Unless stated otherwise, the financial information in this Draft Red Herring Prospectus are extracted from the audited standalone financial statements of our Company for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with Indian GAAP and the Companies Act, and restated in accordance with the SEBI (ICDR) Regulations, as stated in the report of our Statutory Peer Reviewed Auditor, set out in the section titled “*Financial Information*” beginning on page 104 of this Draft Red Herring Prospectus. Our Restated Financial Statements comprise of restated statement of assets and liabilities as at March 31, 2023, March 31, 2022, and March 31 2021; and the restated statement of profit and loss and restated statement of cash flows for the financial year ended March 31, 2023, March 31, 2022, and March 31 2021 and the summary statement of significant accounting policies and other explanatory notes.

Our Fiscal or financial year commences on 1st April of each year and ends on 31st March of the next year. All references to a particular fiscal year are to the 12 months period ended 31st March of that year.

There are significant differences between Indian GAAP, Ind AS, IFRS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the restated financial statements included in the Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Draft Red Herring Prospectus should accordingly be limited.

Unless otherwise indicated, any percentage amounts, as set forth in this Draft Red Herring Prospectus, including in the sections titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 14, 66 and 110 respectively, have been calculated on the basis of the Restated Financial Statements of our Company included in this Draft Red Herring Prospectus.

### CURRENCY AND UNITS OF PRESENTATION

In this Draft Red Herring Prospectus, references to “Rupees” or “Rs.” or “INR” or “Rs” or “₹” are to Indian Rupees, the official currency of the Republic of India.

All references to “\$”, “US\$”, “USD”, “U.S. \$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

### INDUSTRY AND MARKET DATA

Unless stated otherwise, industry data used throughout this Draft Red Herring Prospectus has been derived from publicly available information as well as industry publications and sources. Additionally, we have commissioned and paid for the report titled ‘Quick Service Restaurant (QSR) Market in India 2023’ of February 2023 issued by Netsribes Data & Insights Private Limited and used certain extracts from the said report in the ‘Industry’ and ‘Business’ chapter of this Draft Red Herring Prospectus. Although, we believe that the industry and market data used in this Draft Red Herring Prospectus is reliable, neither we nor the Book Running Lead Manager nor any of their respective affiliates or advisors have prepared or verified it independently. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “*Risk Factors*” beginning on page 14 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

### EXCHANGE RATES

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

Currency	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	82.21	75.80	73.50
1 EUR	89.60	84.65	86.09
1 GBP	101.87	99.55	100.95

Source FBIL Reference Rate as available on <https://www.fbil.org.in/#/homerbi>

## FORWARD-LOOKING STATEMENTS

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

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute forward looking statements. All statements regarding the expected financial condition and results of operations, business, plans and prospects are forward looking statements.

These forward-looking statements include statements as to the business strategy, the revenue, profitability, planned initiatives. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the section titled “*Risk Factors*”; “*Industry Overview*”; “*Our Business*”; and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”; beginning on page 11, 59, 66 and 110 respectively, of this Draft Red Herring Prospectus.

The forward-looking statements contained in this Draft Red Herring Prospectus are based on the beliefs of our management, as well as the assumptions made by and information currently available to our management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materializes, or if any of the underlying assumptions prove to be incorrect, the actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

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

- Certain forms filed with RoC, Chandigarh are not reflecting on the MCA portal due to technical glitch. Further certain forms which were required to be filed as per the reporting requirements under the Companies Act, 2013 to RoC have not been filed by the Company as on date of this Draft Red Herring Prospectus.
- We intend to utilize a portion of the Net Proceeds for setting up a manufacturing facility at Village Tofhapur, Tehsil Dera Bassi, Distt SAS Nagar, Mohali, Punjab, India (“Proposed Manufacturing Facility”). We are yet to place orders for plant and machinery and apply for requisite government approvals for the Proposed Manufacturing Facility. If we are unable to commission our Proposed Manufacturing Facility without time and cost overruns or unable to adhere to the schedule of implementation, it may adversely affect our business, results of operations and financial condition.
- The purchase of land by the Company for setting up the Proposed Manufacturing Facility is subject to compliance with certain terms and conditions. Failure to comply with such conditions could adversely affect our business and financial condition.
- We derive a substantial portion of our revenue from the sale of products in the non-vegetarian segment. Any loss of business in this segment may adversely affect our business, results of operations, financial conditions and cash flows.
- Our Registered Office and godowns/ warehouses are not owned by the Company.
- Our Promoter have extended personal guarantees and personal properties as collateral security with respect to various loan facilities availed by our Company. Revocation of any or all of these personal guarantees may adversely affect our business operations and financial condition.
- We have not entered into any arrangements for alternate source of raising the funds required for our “Objects of the Issue”. Any shortfall in raising/meeting the same could adversely affect our growth plans, operations and financial performance.
- Our Company has reported negative cash flow in the past. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.
- Our Manufacturing Facility and operations are concentrated in Mohali region and any adverse developments affecting this region could have an adverse effect on our business, results of operations and financial condition.
- As on date we have not obtained any of the approvals, clearances and permissions as may be required from the relevant authorities for the Proposed Manufacturing Facility. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected.

For further discussion on factors that could cause actual results to differ from expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 14, 66 and 110 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Book Running Lead Manager nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Company and the Book Running Lead Manager will ensure that the investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange for the Issue.

## SUMMARY OF THE ISSUE DOCUMENT

This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections entitled “Risk Factors”, “Industry Overview”, “Outstanding Litigation and Other Material Developments”, “Promoters and Promoter Group”, “Financial Information”, “Objects of the Issue”, “Our Business”, “Issue Procedure” and “Main Provisions of Articles of Association” on pages 14, 59, 115, 98, 104, 46, 66, 134 and 157 respectively.

### A. Summary of Business

Chatha Foods Limited is one of India’s recognised frozen food processor, serving top QSRs, CDRs and other players in the HoReCa segment. As such, we are deeply connected with the Indian food services/dining out industry and this accounted for 96.00% of our revenue in FY2023. For FY2023 Domino’s India franchise accounted for 51.53%, Subway’s India franchise accounted for 31.16%, Café Coffee Day accounted for 1.40%, Chili’s & Pauls India accounted for 1.64%, Wok express accounted for 1.91%, Burger Singh accounted for 0.58% of our revenue. In addition, our brands, which sells under “Chatha Foods” are distributed through our network of 29 distributors covering 32 cities across India and catering to the needs of 126 mid segment & standalone small QSR brands.

For further details, please see section titled “Our Business” on page 66 .

### B. Industry Overview

The global QSR market was valued at INR 25.05 Trn in FY-2022. It is expected to reach INR 54.53 Trn by FY-2027. Requirement for a wide variety of fast-food items and the growth of the market both contribute to the quick-service restaurants market’s expansion globally. The QSR market in India was valued at INR 171.90 Bn in FY-2022. It is expected to reach INR 431.27 Bn in FY-2027. The current decade is overseeing a shift to a larger organized sector. Customer retention and a higher range and depth of offerings are new goals among the organized market players of QSR.

For further details, please see section titled “Industry Overview” on page 59.

### C. Our Promoters

As on date of this Draft Red Herring Prospectus, our Company has four (4) Promoters, namely;

1. Parmajit Singh Chatha
2. Gurpreet Chatha
3. Gurcharan Singh Gosal
4. Anmoldeep Singh

### D. Size of the Issue

Initial Public Issue consisting of fresh issue of upto 61,99,727 Equity Shares of face value of ₹ 10/- each (“Equity Shares”) of Chatha Foods Limited (the “Company” or the “Issuer”) for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating upto ₹ [●] lakhs (the “Issue”) out of which up to [●] Equity Shares of face value of ₹10/- each will be reserved for subscription by Market Maker to the Issue (the “Market Maker Reservation Portion”). The Issue less the Market Maker Reservation Portion i.e., net issue of [●] Equity Shares of face value of ₹ 10 each at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share aggregating to ₹ [●] lakhs (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. For further details, please see section titled “Terms of the Issue” beginning on page 127.

### E. Objects of the Issue

Our Company intends to utilize the proceeds of the Issue to meet the following objects:

Particulars	Amount
Setting up a new manufacturing facility	2,411.03
General Corporate Purposes*	[●]
<b>Total</b>	<b>[●]</b>

\* To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with RoC. The amount utilized for general corporate purpose shall not exceed 25% of the gross proceeds of the Issue.

### F. Summary of Financial Information

Following are the details as per the Audited Restated Financial Statements as at and for the Financial Years ended on March 31, 2023, 2022 and 2021:

Particulars	(₹ in lakhs, except per share data)		
	March 31, 2023	March 31, 2022	March 31, 2021
Equity Share Capital	1,240.12	1,240.12	1,240.12
Net Worth	2,175.11	1,929.93	1,862.68
Total Revenue	11,724.23	8,740.31	6,119.03
Profit After Tax	245.20	67.24	(400.35)
Earnings per Share (Basic)	1.48	0.41	(2.42)
Earnings per share (Diluted)	1.48	0.41	(2.42)
Net Asset Value per equity share (based on actual no. of equity shares at the end of the year)	17.54	15.56	15.02
Total borrowings	1,060.19	1,101.33	1,065.02

### G. Shareholding of Promoters and Promoter Group

Sr. No	Category of Promoter	Pre-issue	
		No. of shares	As a % of paid-up Equity Capital
<b>A</b>	<b>Promoters</b>		
	Parmajit Singh Chatha	2508533	15.17%
	Gurpreet Chatha	3472277	21.00%



Gurcharan Singh Gosal	4139013	25.03%
Anmoldeep Singh	487200	2.95%
<b>Sub Total A</b>	<b>10607023</b>	<b>64.15</b>
<b>B Promoter Group</b>		
Namrata Kaur Gurm	259597	1.57%
Irina Chatha	69447	0.42%
<b>Sub Total B</b>	<b>329044</b>	<b>1.99</b>
<b>Grand Total (A+B)</b>	<b>10936067</b>	<b>66.14</b>

#### H. Auditor qualifications which have not been given effect to in the Restated Financial Statements:

There are no Auditor qualifications which require adjustments and have not been given effect to in the Restated Financial Statements.

#### I. Risk Factors

An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this Draft Red Herring Prospectus, including the risks described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. The section addresses general risks associated with the industry in which we operate and specific risks associated with our Company.

For further details, please see section titled “Risk Factors” beginning on page 14.

#### J. Summary of contingent liabilities

As on date of the Draft Red Herring Prospectus, there are no contingent liabilities.

#### K. Summary of Outstanding Litigations

There are no outstanding litigations with respect to criminal proceedings involving our Company, Promoters or Directors (collectively, “Relevant Parties”); (ii) outstanding actions by statutory or regulatory authorities involving the Relevant Parties; (iii) claims involving the Relevant Parties for any direct or indirect tax liabilities; and (iv) any other pending litigations involving the Relevant Parties (other than proceedings covered under (i) to (iii) above) which has been determined to be material pursuant to the Materiality Policy. For further details refer “Outstanding Litigation and Material Developments” on page 115.

#### L. Summary of Related Party transactions

##### i) List of Related Parties

Names of the related parties and description of relationship:

Sr. No	Description of relationship	Name of the Party
A.	Entities which exercise significant influence over the Company	Rajasthan Asset Management Company Private Limited - SME Tech Fund RVCF Trust II
B.	Key management personnel	Paramjit Singh Chatha Gurpreet Singh Chatha* Gurcharan Singh Gosal Iqbal Singh Chatha (classified as non promoter w.e.f 08/09/2023) Ravi Mathur (resigned w.e.f 15.07.2023) Navit Kumar (resigned w.e.f 31.07.2023)
C.	Relatives of Key Managerial Persons	Gurpal Gosal

\* Name of Gurpreet Chatha appears as Gurpreet Singh Chatha in the Restated Financial Statements and in his PAN Card as Gurpreet Chatha. However Promoter is known by both the names and therefore is the same person.

##### ii) Transactions carried out with related parties in ordinary course business for the year ended March 31, 2023, March 31, 2022 and March 31, 2021:

Sr. No	Nature of transactions	Name of Related Parties	(₹ in lakhs)		
			March 31, 2023	March 31, 2022	March 31, 2021
1.	Reimbursement of Expenses	Paramjit Singh Chatha	2.44	0.23	1.40
		Gurcharan Singh Gosal	1.83	1.18	0.66
		Gurpreet Singh Chatha	-	-	0.54
		Navit Kumar	-	0.60	0.62
2.	Sale of goods	Paramjit Singh Chatha	-	0.22	0.23
		Gurcharan Singh Gosal	-	0.21	0.37
		Gurpreet Singh Chatha	0.34	0.55	0.15
3.	Salary paid	Paramjit Singh Chatha	37.50	30.00	54.58
		Gurpreet Singh Chatha	14.40	14.40	13.10
		Gurcharan Singh Gosal	9.67	9.67	8.79
		Gurpal Gosal	7.62	7.62	7.62
		Navit Kumar	3.25	4.01	3.17

For further details regarding ‘List of Related Parties and ‘Outstanding Balance at the end of the year’ please see Note 29 of the Restated Financial Statements” of chapter titled “Financial Information” on page 104.

**M. Details of all financing arrangements**

Our Promoters, members of our Promoter Group, our Directors, and their relatives have not financed the purchase by any person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of this Draft Red Herring Prospectus

**N. Weighted average price at which the Equity Shares acquired by each of our Promoters in the last one year**

The weighted average price at which the Equity Shares acquired by each of our Promoters in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:

Name of the Promoter	Number of Equity Shares acquired in the last one year	Weighted average price of acquisition per Equity Share (in ₹)*
Paramjit Singh	3900 <sup>#</sup>	Nil
Gurpreet Chatha	7,26,708	40.32
Gurcharan Singh Gosal	6,38,660	40.32
Anmoldeep Singh	Nil	Nil

<sup>#</sup> Transfer by way of gift

\*As certified by A. Bafna & Co., Chartered Accountants, Statutory Auditors by way of their certificate dated September 29, 2023

**O. Average cost of acquisition of shares**

The average cost of acquisition of Equity Shares held by our Promoters as on the date of the Draft Red Herring Prospectus is as follows:

Name of the Promoter	Number of Equity Shares held	Percentage shareholding (%)	Average cost of acquisition per Equity Share (in ₹)*
Paramjit Singh	2508533	15.17%	7.28
Gurpreet Chatha	3472277	21.00%	8.44
Gurcharan Singh Gosal	4139013	25.03%	12.17
Anmoldeep Singh	487200	2.95%	3.81

\*As certified by A. Bafna & Co., Chartered Accountants, Statutory Auditors by way of their certificate dated September 29, 2023

For further details, please see the section titled “Capital Structure” on page 36.

**P. Details of pre-IPO placement**

Our Company does not contemplate any issue or placement of Equity Shares from the date of filing of this Draft Red Herring Prospectus till the listing of the Equity Shares.

**Q. Issue of Equity Shares for consideration other than cash or bonus issue in the last one year**

Except as disclosed in this Draft Red Herring Prospectus, our Company has not issued any Equity Shares in the last one year from the date of filing of this Draft Red Herring Prospectus, for consideration other than cash or bonus.

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

No split or consolidation of Equity Shares has been made in the last one year prior from the date of filing of this Draft Red Herring Prospectus.

## SECTION II– RISK FACTORS

*An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below before making an investment in the Equity Shares.*

*We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only risks relevant to us, the Equity Shares, or the industry in which we currently operate or propose to operate. Unless specified or quantified in the relevant risk factor below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, cash flows, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.*

*To obtain a more detailed understanding of our business and operations, see this section in conjunction with the sections titled “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 59, 66 and 110, respectively, as well as other financial and statistical information contained in this Draft Red Herring Prospectus. Unless otherwise indicated or unless the context requires otherwise, our financial information used in this section are derived from our Restated Financial Statements. In making an investment decision, prospective investors must rely on their own examination of our business and the terms of the Issue, including the merits and risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences to them of an investment in our Equity Shares.*

*Our financial year ends on March 31 of each year, so all references to a particular financial year are to the 12 month period ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, the financial information for the financial years 2023, 2022 and 2021 included herein is derived from the Restated Financial Statements, included in this Draft Red Herring Prospectus, which differ in certain material respects from IFRS, U.S. GAAP and the generally accepted accounting principles in other countries. For further information, see “Financial Information” beginning on page 104.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below. For details, see “Forward-Looking Statements” beginning on page 10.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report “Quick Service Restaurant (QSR) Market in India 2023” prepared and issued by Netsribes Data & Insights Private Limited (which has been commissioned and paid for by us exclusively for the purpose of confirming our understanding of the industry in which we operate in connection with the Issue). Unless otherwise indicated, all financial, operational, industry and other related information derived from the Quick Service Restaurant (QSR) Market in India 2023 and included herein with respect to any particular year refers to such information for the relevant calendar year. Also see, “Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation–Industry and Market Data” on page.*

*Unless otherwise indicated or the context otherwise requires, in this section, references to “we”, “us” and “our” are to Chatha Foods Limited on a consolidated basis.*

### INTERNAL RISK FACTORS

- 1. Certain forms filed with RoC, Chandigarh are not reflecting on the MCA portal due to technical glitch. Further certain forms which were required to be filed as per the reporting requirements under the Companies Act, 2013 to RoC have not been filed by the Company as on date of this Draft Red Herring Prospectus.***

The Company has passed resolutions for the following items : increased its authorized capital from ₹ 13,00,00,000 to ₹ 25,00,00,000 ; issue of 41,33,720 bonus shares to its shareholders; appointment of and re-appointment of its directors, by way of resolution passed in the Board meeting held on September 11, 2023 and shareholders approval taken in the extra ordinary general meeting held on September 13, 2023. We are required to report the same to RoC by way of requisite forms within a period of 30 days from date of passing the shareholder’s resolution. Although we have filed the requisite forms with RoC, Chandigarh, the same is not reflecting on the Ministry of Corporate Affairs (“MCA”) portal due to technical glitch. Further we have received an acknowledgement to this effect from RoC, Chandigarh. Further, we are unable to file PAS 3 for allotment of bonus shares to our shareholders as the increase in authorized capital is not reflecting on the MCA portal. Further, we have delayed in filing form Form FC-TRS.

No penalty or fine has been imposed by any regulatory authority in respect to the same. It cannot be assured, that there will not be such instances in the future or our Company will not commit any further delays in relation to its reporting requirements, or any penalty or fine will not be imposed by any regulatory authority in respect to the same. The happening of such event may cause a material effect on our results of operations and financial position.

- 2. We intend to utilize a portion of the Net Proceeds for setting up a manufacturing facility at Village Tofhapur, Tehsil Dera Bassi, Distt SAS Nagar, Mohali, Punjab, India (“Proposed Manufacturing Facility”). We are yet to place orders for plant and machinery and apply for requisite government approvals for the Proposed Manufacturing Facility. If we are unable to commission our Proposed Manufacturing Facility without time and cost overruns or unable to adhere to the schedule of implementation, it may adversely affect our business, results of operations and financial condition.***

Our Company is engaged in the business of production of processed and frozen non-vegetarian and vegetarian food., The present manufacturing facility of our Company is situated at Village Chaundheri, Ambala Road, District Mohali, Punjab – 140 501, India. Our Company is proposing to expand its business operations by setting up one more manufacturing facility in Village Tofhapur, Tehsil Dera Bassi, Distt SAS Nagar, Mohali, Punjab, India and expand its production capacity for vegetarian food segment.

We intend to utilize a portion of the Net Proceeds for setting up the Proposed Manufacturing Facility. We have obtained a Cost Assessment Report Plant and Machinery and a Cost Assessment Report Civil, both dated September 28, 2023 from independent chartered engineers (collectively referred to as the “Cost Assessment Reports”) who have estimated the total cost of the project to be ₹ 3,046.54 lakhs comprising of purchase of land (including registration charges) amounting to ₹452.53 lakhs, building and civil works amounting to ₹ 1,202.95 lakhs, plant and machinery amounting to ₹ 1,211.06 lakhs, other preliminary/ pre-operating expenses/ government rate, fees and taxes amounting to ₹ 110.00 lakhs and cost towards miscellaneous fixed assets (testing lab equipments and other production tools) amounting to ₹ 70.00 lakhs. As on the date of this Draft Red Herring Prospectus, our Company has paid ₹ 62.85 lakhs as earnest money out of internal accruals for entering into an agreement towards acquisition of land located at Village Tofhapur, Tehsil Dera Bassi, Distt SAS Nagar, Mohali, Punjab, India. However we are yet to place final orders for 100% of plant and machinery and are yet to complete the purchase of land. Further, we are yet to apply for requisite government approvals for the Proposed Manufacturing Facility. We have not entered into any definitive agreements to utilize the Net Proceeds of the Issue and have relied on the quotations received from third parties and Cost

Assessment Reports for estimation of the costs. Our Company, depending on various factors, will finalise the suppliers for the Proposed Manufacturing Facility which may not be the same from whom the quotations were obtained. While we have obtained the quotations from various vendors in relation to the plant and machinery and building and civil works, most of these quotations are valid for a certain period of time and may be subject to revisions. We cannot assure that we will be able to procure plant, machinery and equipment as well as undertake building and civil works within the cost indicated by such quotations and set up a manufacturing facility as per our schedule of implementation. For details, see “*Objects of the Issue*” on page 46. Any time and cost overrun due to our failure to purchase plant and machinery within our budget could adversely impact our financial condition temporarily and also delay our growth prospects.

Our expansion plan may be subject to delays and other risks such as unforeseen engineering or technical problems, disputes with workers, force majeure events, unanticipated cost increases or changes in scope, etc. Additionally, we may face risks in commissioning the Proposed Manufacturing Facility including but not limited to, delays in the civil constructions, problems with its facilities or for other reasons. If our Proposed Manufacturing Facility does not function as efficiently as intended or utilisation is not optimal, we may not be able to fulfil additional orders to generate anticipated or desired revenue as projected.

We cannot assure that we will be able to utilize our Proposed Manufacturing Facility to its full capacity or up to an optimum capacity, and non-utilisation of the same may lead to loss of profits and may adversely affect our business, results of operations and financial condition.

While we may seek to minimize the risks from any unanticipated events, it cannot be assured that all potential delays could be mitigated and that we will be able to prevent any cost over-runs and any loss of profits resulting from such delays, shortfalls and disruptions. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected. For further details, please refer to the chapter titled — “*Objects of the Issue*” on page 46.

**3. *The purchase of land by the Company for setting up the Proposed Manufacturing Facility is subject to compliance with certain terms and conditions. Failure to comply with such conditions could adversely affect our business and financial condition.***

Our Company is proposing to expand its business operations by setting up Proposed Manufacturing Facility and expand its production capacity for the vegetarian segment. For this purpose, we have entered into an Agreement to Sell dated September 25, 2023 with Jaswinder Singh & Kulwinder Singh and Mohan Singh & Harwinder Singh (referred to as the “**Sellers**”) for a total area admeasuring approximately 3.49 acres (the “**Land**”). While our Company has paid ₹ 62.85 lakhs as earnest money to the Sellers out of which ₹ 34.40 lakhs is money paid to the Banks towards the settlement of the loan amount due by the Sellers to the Banks, we are yet awaiting a no objection certificate (“**NOC**”) from the Banks to release the charge created on the Land. Incase the Banks delay or fail to provide the NOC, it may delay or hamper the transfer of title to the Land in favour of our Company. We may not get a clear and marketable title of the Land if the Banks do not provide us with the NOC or do not release the charge created on the Land. Further, the agreement is subject to whole consideration amount of ₹ 419 lakhs towards purchase of Land, being paid on or before March 31, 2024. Any failure or delay on our part to raise funds from the Issue or any shortfall in the Issue proceeds and subsequent inability of our Company to source alternate means of finance may delay the purchase of Land and could adversely affect our growth plans.

**4. *We derive a substantial portion of our revenue from the sale of products in the non-vegetarian segment. Any loss of business in this segment may adversely affect our business, results of operations, financial conditions and cash flows.***

We introduced plant based mock meat products in 2021 and vegetarian products in 2022 with a separate unit having a capacity of 2,278 MT per annum. While we are in the process of continually developing our vegetarian and plant based segment, presently we are dependent on our non-vegetarian segment and derive a substantial portion of our revenue from the non- vegetarian segment which contributes ₹11,220.95 lakhs, ₹8,575.46 lakhs and ₹6,118.06 lakhs constituting 96%, 98% and 100% of our total revenue from operations for the Fiscals 2023, 2022 and 2021, respectively. Further also refer, “*Our Business – Our Product Portfolio*” on page 66. Any loss of business from, or any significant reduction in the volume of business with existing customers, if not replaced, could materially and adversely affect our business, financial condition and results of operations. Set forth below is the revenue break-up of the three business segments in which we operate.

Sr. No.	Product Segment	Revenue Mix INR (Lakhs)		
		Financial Year ended March 31, 2023	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021
1.	Non-vegetarian	11,220.95	8,575.46	6,118.06
2.	Vegetarian	15.84	0.00	0.00
3.	Plant-based	485.97	157.95	0.00

Our business is dependent upon our ability to manage our distribution and branding operations effectively and efficiently. A significant decline in the demand of our products, unfavourable industry conditions, disruption of distribution and supply channels, raw material suppliers, etc. could adversely affect our operations under this segment, and require a modification of our business strategy, or require us to incur significant expenditure or suspend our operations. We cannot assure you that the demand for products that we sell will grow in the future. The occurrence of or our inability to effectively respond to any such events or effectively manage the competition in this segment, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

**5. *Our Registered Office and godowns/ warehouses are not owned by the Company.***

At present, the warehouses/ godowns located in Punjab and Gurgaon, occupied and used by the Company are not owned by us and leased to us by third parties. Our Company enters into lease or clearing and forwarding agent (C & F) agreement with such third parties to be able to use the warehouses/ godowns. The tenure of the agreements is subject to renewal after the agreed period of time. Any change in the terms and conditions of such agreements, any premature termination of such agreements, may adversely affect our business operations and our financial condition. Further, our Registered Office is not owned by our Company. One of our Promoter and Executive Director, Gurpreet Chatha has gratuitously allowed the Company to use the property owned by him, located at 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India, as the Registered Office of our Company.

However if we are required to vacate any of the above mentioned premises, we would be required to make alternative arrangements for new premises and other infrastructure and during this process we may suffer a disruption in our operations or have to pay higher charges, which could have an adverse effect on our business, prospects, results of operations and financial condition. For further details, please see sub-section titled “*Our Properties*” on page 76 in the “*Our Business*” section.

**6. Our Promoter have extended personal guarantees and personal properties as collateral security with respect to various loan facilities availed by our Company. Revocation of any or all of these personal guarantees may adversely affect our business operations and financial condition.**

Our Promoters, Paramjit Singh Chatha, Gurpreet Chatha and Gurcharan Singh Gosal have provided personal guarantees for the working capital and term loan facilities availed by the Company. Further, the properties charged with the bank for the working capital and term loan availed by the Company, are owned by Paramjit Singh Chatha and Gurcharan Singh. In the event any of these guarantees are revoked or if the personal property charged with the Bank is withdrawn, the Bank may require us to furnish alternate guarantees or may demand a repayment of the outstanding amounts under the said facilities sanctioned or may even terminate the facilities sanctioned to us. There can be no assurance that our Company will be able to arrange such alternative securities in a timely manner or at all. If the guarantees are invoked or if the repayment of loan is accelerated or the Bank enforces any of the restrictive covenants or exercise their options under the relevant debt financing arrangement the ability of our Company to continue its business operations could be adversely affected, carrying our operations and use of assets may be hampered significantly and the Bank may demand the repayment of the entire outstanding amount and this in turn may also affect our further borrowing abilities. For further details please refer to the chapter titled “*Financial Indebtedness*” on page 106 of this Draft Red Herring Prospectus.

**7. We have not entered into any arrangements for alternate source of raising the funds required for our “Objects of the Issue”. Any shortfall in raising/meeting the same could adversely affect our growth plans, operations and financial performance.**

Our Company has not entered into any definitive arrangement for alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds can adversely affect our growth plan and profitability. In addition to internal accruals of the Company, incase there is a shortfall in the Gross Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company has availed an expression of interest (“EOI”) from Kotak Mahindra Bank Limited (“Bank”) dated September 29, 2023 for an amount of ₹ 300 lakhs. However we cannot assure you that the EOI will translate into a formal agreement or a sanction by the Bank and this may affect our growth plan and capacity expansion. The delay/shortfall in raising these Gross Proceeds could result in delay in implementing the project and may require us to borrow the funds on unfavourable terms, both of which scenarios may affect the business operation and financial performance of the Company.

**8. Our Company has reported negative cash flow in the past. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.**

Our Company has experienced negative net cash flow from operating, investing and financing activities in the recent past, the details of which are provided below:

Particulars	(Amount in lakhs)		
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021
Net cash generated from operating activities	314.55	563.01	(86.72)
Net cash generated from investing activities	(169.85)	(525.34)	(211.37)
Net cash flow from financing activities	(137.58)	(43.65)	295.73

For year ended March 31, 2021 negative cash flow from operating activities is mainly on account of adverse impact of COVID-19 on the QSR industry in India.

For further details, please refer ‘Cash Flow Statement’ for the on page 28 of the chapter titled ‘Financial Information’.

**9. Our Manufacturing Facility and operations are concentrated in Mohali region and any adverse developments affecting this region could have an adverse effect on our business, results of operations and financial condition.**

Our Manufacturing Facility is located at Village Chaundheri, Ambala Road, District Mohali, Punjab – 140 501, India. Further, the Proposed Manufacturing Facility that is to be set up pursuant to this Issue, will be located at Village Tofhapur, Tehsil Dera Bassi, District SAS Nagar which also is located in Mohali District. Since our entire infrastructure, facility and business operations are currently concentrated in this region, any significant social, political or economic disruption, or natural calamities or civil disruptions in or around this region, or changes in the policies of the local, state or central governments, could require us to incur significant capital expenditure, change our business structure or strategy, which could have an adverse effect on our business, results of operations and financial condition.

**10. As on date we have not obtained any of the approvals, clearances and permissions as may be required from the relevant authorities for the Proposed Manufacturing Facility. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected.**


Our Company is engaged in the business of production of frozen, ready to eat non vegetarian and vegetarian processed food. The Manufacturing Facility of our Company is situated at Village Chaundheri, Ambala Road, District Mohali, Punjab – 140 501, India. As on the date of this Draft Red Herring Prospectus, our Company markets and sells mainly non-vegetarian products to approximately 32 cities across India. Our Company is proposing to expand its business operations by setting up of an additional manufacturing unit at Village Tofhapur, Tehsil Dera Bassi, Distt SAS Nagar, Mohali, Punjab, India and expand its production capacity for the vegetarian segment. For further details, please refer to the chapter titled — “*Objects of the Issue*” on page 46.

We have not applied for the required licenses and approvals for setting up of our Proposed Manufacturing Facility and increase in our overall production capacity. For instance, in relation to installation of plant and machinery in our existing manufacturing unit, we require various licenses and approvals as highlighted in the chapter titled “*Government and Other Statutory Approvals*” on page 118. Similarly, we will be required to obtain licenses and registrations including but not limited to (i) license to work a factory under Section 6(1) of the Factories Act, 1948; (ii) consent to operate; (iii) license under Food Safety and Standards Act, 2006, and (iv) license required under the Central Goods And Services Tax Act, 2017 etc.;

We shall be applying for such approvals prior to commencement of commercial production in the said manufacturing facility. We cannot assure you that we will be able to receive the approvals for the said manufacturing facility in a timely manner. If we are not able to receive the required approvals and permissions at all or if there is a delay in receiving the same, all other operations, which are to be undertaken for the completion of the Proposed Manufacturing Facility might also be delayed. This may cause the actual cost of construction to exceed the budgeted amounts due to a variety of factors such as construction delays, cost escalation of raw material, interest rates, labour costs, regulatory and environmental factors, weather conditions and our financing needs. The quotations for plant and machinery and civil works received by

us from various suppliers might expire and we may be compelled to purchase the same at a higher cost. Our financial condition, results of operations and liquidity would be materially and adversely affected if our project or construction costs materially exceed such budgeted amounts. For further details, please refer to chapters titled —“*Objects of the Issue*” and “*Government and Other Statutory Approvals*” on pages 46 and 118 respectively.

**11. We may not be able to adequately protect our intellectual property, which may result in the inability to prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products.**

As on date of this Draft Red Herring Prospectus, we have 3 registered trademarks. We are heavily dependent on our intellectual property. Our Company has made an application for registration with the Registrar of Trademarks for registration of our logo  and the same is pending for registration before the Registrar of Trademarks. Our inability to obtain such registrations may adversely affect our competitive business position. If any of our unregistered trademarks are registered in favor of a third party, we may not be able to claim registered ownership of those trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against “passing off” by other entities. In addition, in certain jurisdictions, marketing authorizations in relation to our products may be held by certain third parties with whom we have not directly entered into agreements to protect our rights in relation to such marketing authorizations.

The registration of any intellectual property rights is a time-consuming process, and there can be no assurance that any such registration will be granted. In the absence of such registration, competitors or other companies may challenge the validity or scope of our intellectual property. The protection of our intellectual property rights may require the expenditure of financial, managerial and operational resources. We rely on a combination of laws and regulations, confidentiality of information and contractual restrictions to protect our intellectual property. Despite our efforts to protect and enforce our proprietary rights, unauthorized parties have used, and may in the future use, our trademarks or similar trademarks, copy aspects of our website images, features, compilation and functionality or obtain and use information that we consider as proprietary, such as trade secrets.

We cannot assure you that our pending trademark application will proceed to registration, and even registered trademarks could be challenged by a third party including by way of revocation or invalidity actions. In addition, there could be potential trade name or trademark ownership or infringement claims brought by owners of other rights, including registered trademarks, in our marks or marks similar to ours. Any claims, brand dilution or consumer confusion related to our brands could damage our reputation and brand identity and substantially harm our business, financial condition, cash flows and results of operations.

Further, we do not hold any patents over our product formulae and have not made any applications in this respect. We may therefore not be able to prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products. This may lead to reduction in sales of some of our products. Additionally, the process of obtaining intellectual property protection is expensive and time-consuming, and the amount of compensation for damages can be limited. Even if issued, patents or trademarks may not adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent, trademark and other intellectual property rights are applied on a case-by-case basis and it is generally difficult to predict the results of any litigation relating to such matters. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel, which may adversely affect our business, financial condition, cash flows and results of operations.

**12. We derive a significant revenue from few of our customers and loss of one or more such customers or a reduction in demand for our products could adversely affect our business, results of operations, financial condition and cash flows.**

As on March 31, 2023, we have 33 customers of our products. The table below sets forth details of revenue generated from our top 5 and the top 10 customers/ buyers for our products for the Fiscal 2023, 2022 and 2021:

Customers	Fiscal 2023		Fiscal 2022		Fiscal 2021	
	Amount in ₹ lakhs	Percentage of Revenue from operations (%)	Amount in ₹ lakhs	Percentage of Revenue from operations (%)	Amount in ₹ lakhs	Percentage of Revenue from operations (%)
Top 5	10,980.26	93.67%	8,308.87	95.14%	5,793.13	94.69%
Top 10	11,343.40	96.76%	8,480.48	97.10%	5,843.23	95.51%

The deterioration of the financial condition or business prospects of these buyers could result in a significant decrease in the revenues. The reduction in the amount of business we obtain from our customers shall be due to circumstances specific to such customer, such as pricing pressures or adverse market conditions affecting our supply chain or the economic situation generally, such as the COVID-19 pandemic, could have an adverse effect on our business, results of operations, financial condition and cash flows. While there has been no material impact on our business, results of operations and financial conditions of the Company, we cannot assure you that there will not be any material impact in future on our business, results of operations and financial condition due to non receipt of future purchase orders with the brand owners. Further, in the event of loss of one or more set of such customers on whom we are dependent for our business, we cannot assure you that we may be able to offset such loss of business by identifying a new customer of our products.

Our reliance on a select group of customers may also constrain our ability to negotiate, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or business prospects of these customers could reduce their requirement of our products and result in a significant decrease in our revenues. We cannot assure you that we will be able to maintain historic levels of business from our significant customers, or that we will be able to significantly reduce customer concentration in the future.

**13. There can be no assurance that the objects of the Issue will be achieved within the time frame anticipated or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the plan for deployment of the Net Proceeds has not been appraised by any bank or financial institution.**

Our Company intends to use approximately ₹ 2,411.03 lakhs of the Net Proceeds for setting up the Proposed Manufacturing Facility. Our Board will have flexibility in temporarily investing the Net Proceeds as well as its *inter se* allocation across various heads under the setting up of the Proposed Manufacturing Facility, as disclosed in the section titled “*Objects of the Issue*” on page 46. Further, the plans for deployment of the Net Proceeds are in accordance with our management’s estimates and have not been appraised by any bank or any financial institution. Although we have obtained Cost Assessment Reports which highlights the estimated cost of the Proposed Manufacturing Facility that will be utilised from the Net Proceeds, our Company may have to revise its management estimates from time to time on account of

various factors beyond its control, such as market conditions, competitive environment, and interest or exchange rate fluctuations and consequently its requirements may change.

In the event there is a shortfall in the Gross Proceeds raised from this Issue, we may be unable to commission the Proposed Manufacturing Facility. In case of any shortfall of the proceeds raised from this Issue, there can be no assurance that we will be able to raise the funds through other sources to complete the Proposed Manufacturing Facility. In case of shortfall in the proceeds of this Issue which are to be utilized for meeting the objects of the Issue, the shortfall will be met by such means as are available to our Company at such future time and at the discretion of the management, including by way of cash available with us or by any other means permissible under law. We cannot assure that we will be able to arrange for adequate cash or will be able to procure further loans to meet the funding requirements. Any failure to meet the additional funding requirements will have a material adverse effect on the implementation of the stated object.

We may also be required to adhere to certain restrictive covenants as regards raising of finance for the facility from means other than those sanctioned under our present financing documents. Any failure or delay on our part to raise funds from the Issue or any shortfall in the Issue proceeds and subsequent inability of our Company to source alternate means of finance may delay the implementation of our object and could adversely affect our growth plans.

***14. We are subject to stringent quality control requirements and any product defect issues or failure by us or our suppliers to comply with quality standards may lead to the cancellation of existing and future orders, recalls and exposure to potential product liability claims.***

All the products that we manufacture are for human consumption and any contamination or defect of the product could damage our reputation, adversely affect our sales and result in legal proceedings being initiated against us irrespective of whether the allegation has any factual basis or not. Such perceived contamination of our products could subject us to regulatory action and damage our reputation or have an adverse effect on our financial condition. We may not be able to meet regulatory relevant quality standards prescribed in India, or the quality standards imposed by our customers which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Any failure by us or our suppliers to achieve or maintain compliance with general quality standards may disrupt our ability to supply products sufficient to meet demand until compliance is achieved or, until a new supplier has been identified and evaluated. There can be no assurance that if we need to engage new suppliers to satisfy our business requirement, we will be able to identify new suppliers in a timely manner, or at all. Failure to do so could lead to the cancellation or delays in fulfilling our existing and future orders and have a material adverse effect on our business and revenue.

Our Company has received various quality control certifications for its Manufacturing Facility such as HACCP certification ISO 22000, GFSI approved Food Safety certification - FSSC 22000, quality certificate issued by BRCGS. In spite of availing such quality certifications, our quality-control procedures may fail to test for all possible conditions of use or identify all defects in the product. Any such defects could require us to undertake service actions or product recalls. Any defect in our Company's products could also result in customer claims for damages. Any negative publicity regarding our Company, or products could adversely affect our reputation, our operations and our results from operations. Prior to entering into purchase contracts, some of our customers undertake a detailed review process and quality check, which involves inspection of our Manufacturing Facility. We are therefore subject to a stringent quality control mechanism at each stage of the entire process and are required to maintain the quality and precision level for our products. We will continue to incur a portion of our future revenues to manage our product quality and to maintain our existing quality control systems, which may impact our profitability.

We have long standing relations with our suppliers and purchase raw materials from them on an on-going basis and have not faced any difficulties in dealing with them or instances of failure on their behalf in the past. However, we cannot assure in future if our suppliers tie up with our competitors and fail to fulfil our demands which could cause adverse consequences.

***15. The orders placed by customers may be delayed, modified or cancelled, which may have an adverse effect on our business, financial condition and results of operations.***

We may encounter problems in executing the orders in relation to our products, or executing it on a timely basis. Moreover, factors beyond our control and our customers caused by matters such as acts of God, strikes, civil commotion, riots, war, revolution, acts of governments, pandemics and lockdowns etc. may postpone the delivery of such products or cause its cancellation. Due to the possibility of cancellations or changes in scope and schedule of delivery of such products, resulting from our customers discretion or problems we encounter in the delivery of such products or reasons beyond our control or the control of our customers, we cannot predict with certainty when, if or to what extent we may be able to fulfil the orders placed. In addition, even where a completion of the order proceeds as scheduled, it is possible that the customers may default or otherwise fail to pay amounts owed.

***16. We have in the past entered into related party transactions and we may continue to do so in the future.***

As of March 31, 2023, we have entered into several related party transactions with our Promoters, Directors, etc. In addition, we have in the past also entered into transactions with other related parties. For further details, please refer Note 29 – in the chapter titled— “*Restated Financial Information*” at page 104. While we believe that all our related party transactions have been conducted on an arm's length basis, and we confirm that the related party transactions entered into by the Company are in compliance with the relevant provisions of Companies Act and other applicable laws, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

***17. Any shortage, disruption or non-availability of power and water may adversely affect operations and have an adverse impact on our business, results of operations and financial condition***

Our Manufacturing Facility and the Proposed Manufacturing Facility and operations require significant and constant power supply as our raw materials and finished products are required to be processed and stored at specified and defined controlled temperatures. Temperature control becomes essential in relation to, processing and preservation of raw materials and our products. We currently source our water requirements for the purpose of processing of raw ingredients, sanitation, etc from ground water at our Manufacturing Facility and depend on state electricity supply for our energy requirements. Although we have diesel generators to meet exigencies at Manufacturing Facility, we cannot assure you that our facilities will be operational during longer power failures. Any major failure in power supply may occur in the future as a result of any natural calamity, technical fault, shortage of power or other factors beyond our control or failure to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable cost, requiring us to either stop our operations or activities and may involve additional time and increase our costs which may have an adverse effect on our business, results of operations and financial condition.



**18. The information in the Industry Section is derived from publically available information and we have commissioned and paid for an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data provided in the same and such data has not been independently verified by us.**

The information in the Industry Section is derived from publically available information and publications, and the report titled 'Quick Service Restaurant (QSR) Market in India 2023' of February 2023 commissioned and paid by us from Netscribes Data & Insights Private Limited. We have used certain extracts from the said report in the Industry section. Neither we nor any other person connected with this Issue has independently verified the information provided in the Industry Section. Industry sources and publications, referred to in the Industry Section, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the industry data mentioned in this Draft Red Herring Prospectus or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context.

**19. Our business depends on processing of raw materials and any loss of or shutdown of operations on any grounds could adversely affect our business or results of operations.**

Our Manufacturing Facility is subject to operating risks, such as breakdown or failure of equipment, interruption in power supply or processes, shortage of raw materials, performance below expected levels of output or efficiency, natural disasters, obsolescence, labour disputes, strikes, lockouts, severe weather, industrial accidents, our inability to respond to technological advances and emerging industry standards and practices in the industry and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results, and the loss or shutdown of operations at our Manufacturing Facility will have a material adverse effect on our business, financial condition and results of operations.

**20. We do not have long term agreements with suppliers for our raw materials and an increase in the cost of or a shortfall in the availability of such raw materials could have an adverse effect on our business, results of operations and financial condition.**

Production quantity and cost of our products are dependent on our ability to source raw materials and packaging materials at acceptable prices, and maintain a stable and sufficient supply of our major raw materials. Meat is the key raw material used to manufacture most of our products. We have long standing relations with our suppliers and purchase raw materials from them on an on-going basis. We have annual purchase contracts with them which saves us from fluctuations in the market rates. However, in the event that our suppliers are unable to supply meat to us on time or discontinue their supply to us or if we are unable to source quality raw material from other suppliers at competitive prices, we may not be able to meet our production and sales targets. Interruption of, or a shortage in the supply of, raw material may result in our inability to operate our manufacturing facilities at optimal capacities or at all, leading to a decline in production and sales. An inability to procure sufficient quality raw material at reasonable cost, or an inability to pass on any additional cost incurred on purchase of raw materials to our customers, may adversely affect our operations and financial conditions.

**21. If we are not able to obtain, renew or maintain our statutory and regulatory licenses, registrations and approvals required to operate our business, it may have a material adverse effect on our business, results of operations and financial condition.**

We require certain statutory and regulatory licenses, registrations and approvals to operate our business some of which are granted for a fixed period of time and need to be renewed from time to time. Further, in future, we may also be required to obtain new licenses, registrations and approvals for any proposed operations, including any expansion of existing operations. As on date of this Draft Red Herring Prospectus, we have applied for revisions of certain license of our Company post conversion from private limited to public limited company. There can be no assurance that the relevant authorities will renew such licenses, registrations and approvals in a timely manner or at all. For instance, our Company has applied for renewal of the license issued under the Plastic Waste Management Rules, however, we cannot assure you that such licenses will be granted or renewed in time or at all. For further information, refer "Government and Other Statutory Approvals" on page 118.

Further, these licenses, registrations and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. We may be subject to penalties or suffer a disruption in our business activities, any of which could adversely affect our results of operations. Further, our Company will be responsible for bearing any and all liabilities arising out of this noncompliance. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues and operations. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our Company's operations and may have a material adverse effect on our business. For further details on the licenses obtained by our Company and licenses for which renewal applications have been made, kindly refer the chapter titled "Government and Other Approvals" beginning on page 118.

**22. If our customers fail to identify and effectively respond to changing preferences and spending patterns or changing trends of their end consumers in a timely manner, the demand for our products could decrease, causing our business, results of operations, financial condition and cash flows to be adversely affected**

We cater to QSRs, CDRs and players in the HoReCa segment which as a whole is a highly competitive industry and is characterized by frequent changes particularly in consumer preferences, new products and product variations. The popularity and demand of our products may vary over time due to end consumer behaviour and preferences, demographics, local preferences, consumption trends, the level of end consumer confidence as well as on macroeconomic factors such as the condition of the economy and per capital income. End Consumer preferences in the food industry are difficult to predict as it is a fast-changing industry and changes in those preferences or the introduction of new products by our competitors could put our products at a competitive disadvantage. If our competitors alter their pricing model, and we are unable to change our product prices in response to such competitive measures, our results of operations and profitability may be materially and adversely affected.

Our future growth and success will depend significantly on our customers ability to anticipate changes in market trends and end consumer tastes and preferences, and the ability to identify, source and bring to the market in a timely manner new or unique products that satisfy the preferences of a broad range of end consumers. While we aim to introduce new brands and products from time to time, we recognize that end consumer preferences cannot be predicted with certainty and can change rapidly, and that there is no certainty that these will be commercially viable or effective or accepted by the end consumers. For instance, we ventured into plant-based mock meat products in 2021 when we recognized that the vegetarian and vegan retail industry was growing. However, an unanticipated change in the end consumer demand may adversely affect our liquidity and financial condition. If we are unable to foresee or respond effectively to the changes in market



conditions, new and changing trends or desired end consumer preferences, accurately anticipate and forecast demand for products, then there may be a decline in the demand and sales for our products, thereby reducing our market share and preventing us from acquiring new customers and retaining existing customers and erosion of our competitive position and goodwill which could have an adverse effect on our business, results of operations, financial condition and cash flows.

**23. *The success of our business depends substantially on our management team and operational workforce. Our inability to retain them could adversely affect our businesses.***

Our Key Management Personnel and Senior Management Personnel are key to our business operations. Our success and growth depends upon consistent and continued performance of our employees with direction and leadership from Senior Management. We cannot assure you that we will continue to retain any or all of the key members of our management. We do not maintain key personnel insurance in respect of the risk of resignation of any of our Key Management Personnel and Senior Management Personnel.

In addition, our success largely depends upon the continued service of our Key Management Personnel and Senior Management. They have deep industry knowledge and along with other key individuals in our business, play a strategic role in developing and building relations with our key stakeholders, including investors, board members, suppliers and other strategic business relationships on a regular basis. They have played, and are expected to continue to play, a significant role in building and maintaining strong relationships with critical stakeholders into the future. If they were to step down from their leadership positions in our Company, our reputation could deteriorate and our business could be adversely affected. Our success also depends on our ability to recruit, develop and retain qualified and skilled personnel, for our business. We compete in the market to attract and retain skilled personnel, in areas such as product and design, technology, sales and brand management and consumer service, supply chain and operations, as well as enabling corporate functions. As of March 31, 2023, we have 283 full-time employees. See “*Our Business—Human Resources*” on page 75.

If we fail to identify, recruit and integrate strategic personnel, our business could be adversely affected. Any loss of members of our Senior Management team or Key Management Personnel could significantly delay or prevent the achievement of our business objectives and could harm our business and consumer relationships. We may need to invest significant amounts of cash and equity to attract and retain new employees, and we may never realize returns on these investments. If we are not able to retain and motivate our current personnel or effectively integrate and retain employees, our ability to achieve our strategic objectives, and our business could be adversely affected.

**24. *The launch of new brands or products that prove to be unsuccessful could affect our growth plans which could adversely affect our business, financial condition, cash flows and results of operations.***

New brand and product introductions from time to time is a key element of our growth strategy. New brands and product categories require us to understand and make informed judgments as to end consumer demands, tastes, trends and preferences. Various elements of new brand and product initiatives entail significant costs and risks, as well as the possibility of unexpected consequences, including:

- acceptance of our new brand/product initiatives by our customers may not be as high as we anticipate;
- sale of new products or brands may not sustain initial levels of high sales volumes;
- we may incur costs exceeding our expectations;
- we may experience a decrease in sales of our existing products as a result of the introduction of related new products;
- any delays or other difficulties impacting our ability, or the ability of our third-party suppliers, to manufacture, distribute and ship products in a timely manner in connection with launching the new product initiatives.

We expend considerable time and financial resources in the development and launch of new brands and products. Each of the above risks could delay or impede our ability to achieve our growth objectives, which could adversely affect our business, financial condition, cash flows and results of operations.

**25. *We operate in a highly competitive industry. We also face competition from both domestic as well as multinational corporations. Our failure to compete effectively could have a negative impact on the success of our business and/or impact our margins***

Our industry is highly competitive and we expect that competition will continue to increase. We face competition from both domestic and multinational corporations and we expect competition to continue to intensify. If we are unable to change our offerings in ways that reflect the changing demands of taste and end consumer preferences or compete effectively with and adapt to such changes, our business, financial condition, cash flows and results of operations would be adversely affected.

Some of our competitors have competitive advantages such as longer operating histories, more experience in implementing their business plan and strategy, better brand recognition, greater negotiating leverage, established supply relationships and greater financial, marketing and other resources. In addition, the markets in which we compete have attracted significant investments from a wide range of funding sources, and our competitors can be highly capitalized, which allows them to lower their prices by achieving economies of scale.

**26. *Product liability claims and product recalls could harm our reputation, business, financial condition, cash flows and results of operations***

We face risks of exposure to product liability or recall claims if our products fail to meet the required quality standards. We face the risk of legal proceedings and product liability claims being brought against us by various entities including consumers and distributors for various reasons including for defective and contaminated products sold. We cannot assure you that we will not experience any product recalls or material product liability losses in the future or that we will not incur significant costs to defend any such claims. While we maintain a product liability insurance cover, a product recall or a product liability claim may adversely affect our reputation and brand image, which may adversely affect our reputation, business, financial condition, cash flows and results of operations

**27. *Our inability to manage our growth may disrupt our business and reduce our profitability.***

From Fiscal 2021 to Fiscal 2023, our total revenue have grown at a CAGR of 24.12%. As part of our growth strategy to meet customer needs, we are committed to diversify our product offerings, customer base and geographic footprint and minimizing our exposure to individual markets and segment. This will in turn result in substantial demands on our management, operational, and financial resources and our growth will require us to continuously invest in our operations and improve our operational, financial and internal controls, employee costs, newer units in newer locations, expansion of existing units and administrative infrastructure. An inability to manage our growth, including as a result of a failure to adequately respond to any such challenges, risks or uncertainties, may disrupt our business and reduce our profitability.

**28. *Some of our agreements may be under stamped or inadequately stamped and if any financial or judicial implication arises out of the same it may have an adverse effect on the Company's business and reputation.***

Some of our lease agreements may be under stamped or unregistered. An inadequately stamped document is inadmissible as evidence before any judicial forum. It may be further noted that such inadequately stamped document is capable of being impounded upon presentation before a governmental or judicial authority and an applicable penalty may be imposed up to 10 times the value of the stamp duty payable.

**29. *We may not be able to accurately manage our inventory, this may adversely affect our business, financial condition and results of operations and reputation.***

The results of operations of our business are dependent on our ability to effectively manage our inventory and stocks. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and trade inventory accordingly. If our management has misjudged expected customer demand it could adversely impact the results by causing either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory, we may be required to dispose off our inventory or pay our suppliers without new purchases, or create additional vendor financing, which could have an adverse impact on our income and cash flows. We estimate our sales based on the forecast, demand and requirements and also on the customer specifications. Natural disasters such as earthquakes, extreme climatic or weather conditions such as floods or droughts may adversely impact the supply of our products and local transportation. Should our supply of our products be disrupted, we may not be able to procure an alternate source of supply in time to meet the demands of our customers. Such disruption to supply would materially and adversely affect our business, profitability and reputation. Although in the past we have not experienced any instance of excess inventory or shortage thereof, but during the COVID-19 lockdown, we were forced to sell the inventory at a discount.

In the past we have not experienced any instances of disruptions to the delivery of product to our customer occurred for reasons such as poor handling, transportation bottlenecks which could have led to delayed or lost deliveries or damaged products and disrupt supply of these products, but there is not guarantee that these instances will not happen in future to improve our line capability, we try to stock our inventory. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively. If we overstock inventory, our capital requirements will increase and we will incur additional financing costs. If we under-stock inventory, our ability to meet customer demand and our operating results may be adversely affected. Any mismatch between our planning and actual consumer consumption could lead to potential excess inventory or out-of-stock situations, either of which could have an adverse effect on our business, financial condition and results of operation.

**30. *Our inability to effectively manage or expand our distribution network may have an adverse effect on our business, results of operations and financial condition.***

Our ability to expand and grow our sales significantly depends on the reach and effective management of our distribution network and the continued cooperation of our distributors. We cannot assure you that we will continue to be able to effectively manage our distribution network and maintain good relationships with such third parties. Certain distribution intermediaries may have exclusivity arrangements with our competitors and may be unable to, or decline to, stock and distribute our products, which in turn may limit our ability to expand our distribution network.

We intend to capture our existing intermediaries as well as create a distribution network in new markets to market our existing and new products proposed to be manufactured by our Company. Our inability to strategically expand our distribution network may lead to revenue loss and impede the full utilisation of our production capacity. We have an extensive network of 29 distributors covering 32 cities across India but we may face difficulties in creating a new and maintaining the current distribution network, identifying our competitors or keeping up with the expectation and the requirement of the intermediaries and end use customers. While the aforementioned events have not materially occurred in the past, future occurrence of any of these events could affect our financial condition, results of operations and prospects. We cannot assure you that we will be able to expand our sale and distribution network in accordance with our business plans, or at all, which may adversely affect our business, results of operations and financial condition.

**31. *Our Promoters and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

Upon completion of this Issue, our Promoters and members of our Promoter Group will have the ability to exercise significant influence over all matters requiring shareholders' approval. Accordingly, our Promoters will continue to retain significant control, including being able to control the composition of our Board of Directors, determine decisions requiring simple majority voting of shareholders, undertaking sale of all or substantially all of our assets, timing and distribution of dividends and termination of appointment of our officers, and our other shareholders may be unable to affect the outcome of such voting. There can be no assurance that our Promoters will exercise their rights as shareholders to the benefit and best interests of our Company. Further, such control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. The interests of our Promoters could conflict with the interests of our other equity shareholders, and our Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

**32. *The average cost of acquisition of Equity Shares held by our Promoter could be significantly lower than the Issue Price.***

Our Promoter's average cost of acquisition of Equity Shares in our Company may be lower than the Issue Price which is proposed to be determined through book building mechanism. For further details regarding average cost of acquisition of Equity Shares by our Promoter in our Company and build-up of Equity Shares by our Promoter in our Company, please refer to the chapter titled "*Capital Structure*" on page 36 of this Draft Red Herring Prospectus.

**33. *In addition to our existing indebtedness for our existing operations, we may incur further indebtedness during the course of business. We cannot assure that we would be able to service our existing and/or additional indebtedness.***

As on March 31, 2023 our Company's total outstanding loans are ₹ 1060.19 lakhs In addition to the indebtedness for our existing operations, we may incur further indebtedness during the course of our business. We cannot assure you that we will be able to obtain further loans at favourable terms. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to borrow at competitive rates. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget our working capital requirements, which may lead to delays in arranging additional working capital requirements, loss of reputation, liquidated damages and can cause an adverse effect on our cash flows.

Any failure to service our debt or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations. For details of our indebtedness, please refer to the chapter titled —"*Financial Indebtedness*" on page 106.

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

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

**35. *The requirement of funds in relation to the objects of the Issue has not been appraised by any bank or financial institution***

We intend to use the proceeds of the Issue for the purposes described in the section titled “*Objects of the Issue*” on page 46. The objects of the Issue have not been appraised by any bank or financial institution. These are based on management estimates and current conditions and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy. Based on the competitive nature of the industry, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors/Management and is not subject to monitoring by external independent agency. However, the deployment of funds is subject to monitoring by our Audit Committee. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

**36. *An inability to maintain adequate insurance coverage in connection with our business may adversely affect our operations and profitability.***

We have obtained a number of insurance policies in connection with our operations and Manufacturing Unit including property insurance, product insurance, marine insurance and employee insurance. While we are of the opinion that the insurance coverage which our Company maintains for its business would be reasonably adequate to cover the normal risks associated with the manufacturing activities and other operations of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our Company’s insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. Further, we do not have a key man’s insurance policy covering risks for our key managerial employees. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

**37. *The Equity Shares have never been publicly traded and the Issue may not result in an active or liquid market for the Equity Shares.***

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. Although we currently intend that the Equity Shares will remain listed on the Stock Exchanges, there is no guarantee of the continued listing of the Equity Shares. Failure to maintain our listing on the Stock Exchanges or other securities markets could adversely affect the market value of the Equity Shares.

The Issue Price of the Equity Shares is proposed to be determined through a fixed price process in accordance with the SEBI ICDR Regulations and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. You may not be able to resell your Equity Shares at a price that is attractive to you.

**38. *Our Company has not paid dividends on Equity Shares in the past and our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements.***

The amount of our future dividend payments, if any, will depend upon various factors including our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Since incorporation, our Company has not paid any dividend as the profits of our Company were invested in our Company for the purposes of incurring capital expenditure. There can be no assurance that we will be able to declare dividends. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on various factors.

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

We may require additional capital from time to time depending on our business needs. Any further issue of Equity Shares or convertible securities would dilute the shareholding of the existing Shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing Shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

**40. *There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE Limited in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuance of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the SME Platform of BSE Limited due to delay in submission of required documents/ completion of formalities/compliance with required laws by the issuer. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

**External Risk Factors**

**41. *Natural disasters, epidemics, pandemics, acts of war, terrorist attacks and other events could materially and adversely affect our business and profitability.***

Natural disasters (such as earthquakes, fire, typhoons, cyclones, hurricanes and floods), pandemics, epidemics, strikes, civil unrest, terrorist attacks and other events, which are beyond our control, may lead to global or regional economic instability, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations. Any of these occurrences could cause severe

disruptions to our daily operations and may warrant a temporary closure of our Manufacturing Unit. Such closures may disrupt our business operations and adversely affect our results of operations. Our operation could also be disrupted if our clients are affected by such natural disasters or epidemics. An outbreak or epidemic, such as SARS, the H1N1 and H5N1 viruses or COVID-19 could cause general consumption or the demand for various products to decline, which could result in reduced demand for our products. Such an outbreak or epidemic may significantly interrupt our business operations as health or governmental authorities may impose quarantine and inspection measures on us or our clients.

Moreover, certain regions in India have witnessed terrorist attacks and civil disturbances and it is possible that future terrorist attacks or civil unrest, as well as other adverse social, economic and political events in India could have a negative effect on us. Transportation facilities, including vehicles, can be targets of terrorist attacks, which could lead to, among other things, increased insurance and security costs. Regional and global political or military tensions or conflicts, strained or altered foreign relations, protectionism and acts of war or the potential for war could also cause damage and disruption to our business, which could materially and adversely affect our business, financial condition, cash flows and results of operations. Such incidents could create the perception that investments in Indian companies involve a higher degree of risk and such perception could adversely affect our business and the price of the Equity Shares.

***42. Financial instability in other countries may cause increased volatility in Indian and other financial markets.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have in the past experienced substantial dislocations, liquidity disruptions and market corrections.

***43. Changing laws, rules and regulations and legal uncertainties in India and other countries may adversely affect our business and financial performance.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

***44. Our business is affected by economic, political and other prevailing conditions beyond our control.***

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

Factors that may adversely affect the Indian economy, and hence our results of operations may include: a) any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets; b) any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions; c) prevailing income conditions among Indian customers and Indian corporations; d) epidemic or any other public health issue in India or in countries in the region or globally, including in India's various neighbouring countries and e) hostile or war like situations with the neighbouring countries etc.

***45. Investors outside India subscribing to this Issue may not be able to enforce any judgment of a foreign court against us, except by way of a suit in India.***

Our Company is incorporated under the laws of India. As a result, it may be difficult for investors to effect service of process upon us or such persons in India or to enforce judgments obtained against our Company or such parties outside India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, including the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended ("Civil Procedure Code"). The United States has not been notified as a reciprocating territory.

In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Such amount may also be subject to income tax in accordance with applicable law. Consequently, it may not be possible to enforce in an Indian court any judgment obtained in a foreign court, or effect service of process outside of India, against Indian companies, entities, their directors and executive officers and any other parties resident in India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

***46. Any adverse change or downgrading in ratings of India may adversely affect our business, results of operations and cash flows.***

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could

have an adverse effect on our ability to fund our growth on favorable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

**47. *The requirements of being a listed company may strain our resources.***

We are not a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators that is associated by the virtue of being a listed company. As a listed company, we will incur legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing compliances and reporting requirements to the Stock Exchange on which equity shares of our Company will be listed, which require us to file audited annual and unaudited half yearly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as timely as other listed companies.

**48. *Our clients might engage in dealings or transactions in or with countries or persons that are subject to U.S. and other sanctions.***

Applicable laws and rules in U.S. generally prohibit U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organisations also administer similar economic sanctions. We may enter into transactions with customers who may be doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply. There can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. If it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. Further, investors in the Equity Shares could incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions

**49. *Under Indian legal regime, foreign investors are subject to investment restrictions that limit our Company's ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares. Accordingly, our ability to raise foreign capital may be constrained.***

As a Company incorporated in India, we are subject to exchange controls that govern the borrowings in foreign currencies. Further, under applicable foreign exchange regulations in India, transfer of shares between non-residents and residents are freely permitted (subject to compliance with sectoral norms and certain other restrictions), if they comply with the pricing guidelines and reporting requirements specified under applicable laws. If share transfer is not in compliance with such requirements and does not fall under any of the permissible exceptions, then prior approval of the relevant regulatory authority is required. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness.

**50. *Equity Shares of our Company have never been publicly traded, and after the Offer, the Equity Shares may be subject to price and volume fluctuations, and an active trading market for the Equity Shares may or may not develop. Further, the Issue Price may not be indicative of the market price of the Equity Shares after the Issue.***

Prior to this Issue of our Company, no public market existed for the Equity Shares, and an active trading market on the Stock Exchange may not develop or be sustained after the Issue. Listing and quotation of Equity Shares does not guarantee that a market for the same will develop, or if developed, the liquidity of such market for the Equity Shares cannot be guaranteed. The Issue Price of the Equity Shares is proposed to be determined through a book building process in compliance with Schedule XIII of the SEBI ICDR and the same may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The Issue Price will be based on numerous factors, as described in the section "*Basis for Issue Price*" beginning on page 46. This price may not necessarily be indicative of the market price of our Equity Shares after the Issue is completed. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in.

Our Equity Shares are expected to trade on BSE SME after the Issue, but there can be no assurance that active trading in our Equity Shares will develop after the Issue, or if such trading develops, that it will continue. Investors may not be able to sell our Equity Shares at the quoted price if there is no active trading in our Equity Shares.

**51. *Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares***

Under the present Indian tax laws and regulations, unless specifically exempted, capital gains that arise from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian Stock Exchanges on which equity shares are sold. Any gain realised on the sale of listed equity shares held for more than 12 months, which are sold using any other platform other than on a recognised Stock Exchanges and on which no STT has been paid, are subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic Stock Exchanges on which the Equity Shares are sold. Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

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

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on Stock Exchange where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash

flows or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

***53. Investors will not be able to sell immediately on an Indian Stock Exchange any of the Equity Shares they purchase in the Issue.***

The Equity Shares will be listed on the Stock Exchange. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited within one working day of the date on which the Basis of Allotment is approved by the Stock Exchange. The Allotment of Equity Shares in the Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately five Working Days from the Bid/Issue Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchange is expected to commence within six Working Days of the Bid/ Issue Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchange. Any failure or delay in obtaining the approval or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

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

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction the investors are located in does not permit them to exercise their pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emption rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

## SECTION III – INTRODUCTION

### THE ISSUE

The present Issue of up to 61,99,727 Equity Shares in terms of Draft Red Herring Prospectus has been authorized pursuant to a resolution of our Board of Directors held on September 11, 2023 and by special resolution passed under Section 62(1)(c) of the Companies Act, 2013, at the Extraordinary General Meeting of the members held on September 13, 2023.

The following table summarizes details of the Issue:

<b>Issue</b> <sup>(1) (2)</sup>	Issue of up to 61,99,727* Equity Shares of face value of ₹10 each fully paid-up of our Company.
<b>Out of which:</b>	
<b>Market Maker Reservation Portion</b>	Up to [●] Equity Shares aggregating to ₹ [●] lakhs.
<b>Net Issue to the Public</b>	Up to [●] Equity Shares aggregating to ₹ [●] lakhs.
<b>Out of which*</b>	
A. QIB Portion <sup>(3) (4)</sup>	Not more than [●] Equity Shares aggregating up to ₹ [●] lakhs.
<b>Of which</b>	
i) Anchor Investor Portion	Up to [●] Equity Shares aggregating up to ₹ [●] lakhs.
ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	Up to [●] Equity Shares aggregating up to ₹ [●] lakhs.
<b>Of which</b>	
(a) Available for allocation to Mutual Funds only (5% of the Net QIB Portion)	Up to [●] Equity Shares aggregating up to ₹ [●] lakhs
(b) Balance of QIB Portion for all QIBs including Mutual Funds	Up to [●] Equity Shares aggregating up to ₹ [●] lakhs
B. Non- Institutional Portion	Not less than [●] Equity Shares aggregating up to ₹ [●] lakhs
C. Retail Portion	Not less than [●] Equity Shares aggregating up to ₹ [●] lakhs
<b>Pre and Post- Issue Equity Shares</b>	
Equity shares outstanding prior to the Issue	1,65,34,879 Equity Shares having face value of ₹10 each
Equity Shares outstanding after the Issue	[●] Equity Shares having face value of ₹ 10 each
<b>Use of Net Proceeds by our Company</b>	Please see section titled “ <i>Objects of the Issue</i> ” beginning on page no. 46
<b>Issue Opens on</b>	[●]
<b>Issue Closes on</b>	[●]

\*Subject to finalisation of the Basis of Allotment. Number of shares may need to be adjusted for lot size upon determination of Issue Price.

Notes:

- (1) The Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. This Issue is being made by our Company in terms of Regulation of 229 (2) of SEBI ICDR Regulations read with Rule 19(2)(b)(i) of SCRR wherein not less than 25% of the post – issue paid up equity share capital of our Company are being offered to the public for subscription.
- (2) The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on September 11, 2023 and by the Shareholders of our Company, vide a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting held on September 13, 2023.
- (3) The SEBI ICDR Regulations permit the issue of securities to the public through the Book Building Process, which states that, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not more than 50% of the Net Issue shall be allotted on a proportionate basis to QIBs, subject to valid Bids being received at or above the Issue Price. Accordingly, we have allocated the Net Issue i.e., not more than 50% of the Net Issue to QIB and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Investors and not less than 15% of the Net Issue shall be available for allocation to non-institutional bidders.
- (4) Subject to valid Bids being received at or above the Issue Price, under subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the Book Running Lead Manager and the Designated Stock Exchange, subject to applicable laws.

Our Company may, in consultation with the Book Running Lead Manager, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, please refer section titled “*Issue Procedure*” beginning on page 134 of this Draft Red Herring Prospectus.

**SUMMARY OF FINANCIAL INFORMATION**

**Restated Statement of Assets & Liabilities**

*(₹ in lakhs)*

Particulars	As at March 31,		
	2023	2022	2021
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	1,240.12	1,240.12	1,240.12
Reserve and surplus	934.99	689.81	622.56
<b>Total equity</b>	<b>2,175.11</b>	<b>1,929.93</b>	<b>1,862.68</b>
<b>Non-current liabilities</b>			
Long-term borrowings	166.19	385.57	464.52
Deferred tax liabilities (net)	277.22	185.40	148.43
Long-term provisions	180.53	136.17	116.87
<b>Total non-current liabilities</b>	<b>623.93</b>	<b>707.14</b>	<b>729.82</b>
<b>Current Liabilities</b>			
Short Term Borrowings	894.00	715.76	600.51
Trade payables:			
i) Total outstanding dues of micro enterprises and small enterprises	101.68	88.55	80.05
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,037.53	933.42	767.92
Other current liabilities	285.92	434.64	274.15
Short-term provisions	23.76	20.87	15.15
<b>Total current liabilities</b>	<b>2,342.90</b>	<b>2,193.24</b>	<b>1,737.78</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,141.94</b>	<b>4,830.31</b>	<b>4,330.28</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2,869.51	3,083.68	2,712.81
Capital work-in-progress	-	-	54.10
Long-term loans and advances	307.72	250.26	318.75
Other Non-Current Assets	28.66	28.58	30.73
<b>Total non-current assets</b>	<b>3,205.89</b>	<b>3,362.52</b>	<b>3,116.38</b>
<b>Current assets</b>			
Inventories	916.87	668.26	430.92
Trade receivables	959.24	754.66	652.97
Cash and bank balances	16.04	8.57	9.49
Short-term loans and advances	43.90	36.28	120.48
<b>Total current assets</b>	<b>1,936.05</b>	<b>1,467.78</b>	<b>1,213.87</b>
<b>TOTAL ASSETS</b>	<b>5,141.94</b>	<b>4,830.31</b>	<b>4,330.28</b>

**Restated Statement of Profit and Loss**

*(₹ in lakhs)*

Particulars	As at March 31,		
	2023	2022	2021
<b>Revenue</b>			
Revenue from operations	11,722.77	8,733.41	6,118.06
Other income	1.46	6.90	0.97
<b>Total revenue</b>	<b>11,724.23</b>	<b>8,740.31</b>	<b>6,119.03</b>
<b>Expenses</b>			
Cost of materials consumed	8,888.71	6,399.84	4,697.29
Changes in inventory of finished goods and work-in-progress	(204.09)	(64.47)	105.66
Employee benefits expenses	1,059.87	903.10	673.34
Finance costs	97.41	80.92	88.82
Depreciation	274.54	260.69	260.56
Other expenses	1,270.80	1,056.02	846.24
<b>Total expenses</b>	<b>11,387.24</b>	<b>8,636.11</b>	<b>6,671.91</b>
<b>Profit before tax</b>	<b>337.00</b>	<b>104.20</b>	<b>(552.88)</b>
<b>Tax expense</b>			
Current tax	55.91	17.73	-
Deferred tax	91.82	36.97	(152.24)
Minimum Alternate Tax (MAT) credit entitlement	(55.91)	(17.73)	-
Minimum Alternate Tax (MAT) credit entitlement - earlier years	-	-	(0.29)



Particulars	As at March 31,		
	2023	2022	2021
<b>Profit after tax</b>	<b>245.20</b>	<b>67.24</b>	<b>(400.35)</b>
Earning per equity share (₹)			
Basic (₹)	1.48	0.41	(2.42)
Diluted (₹)	1.48	0.41	(2.42)

#### Restated Cash Flow Statement

(₹ in lakhs)

Particulars	As at March 31,		
	2023	2022	2021
<b>A. Cash flow from operating activities:</b>			
Net profit /(loss) before tax	336.99	104.21	(552.92)
<b>Adjustments for:</b>			
Depreciation	274.54	260.69	260.56
Loss on sale of property, plant and equipment (net)	27.62	15.71	-
Provision for doubtful debts	-	-	4.10
Bad debts and advances written off	-	-	-
Fixed assets written off	-	-	-
Liabilities written back	-	-	-
Prior period income	-	-	-
Interest income	(1.46)	(6.90)	(0.97)
Interest expense	97.41	80.92	88.82
<b>Operating profit /(loss) before operating capital changes</b>	<b>735.10</b>	<b>454.63</b>	<b>(200.41)</b>
<b>Adjustments for movement in:</b>			
Long-term provisions	44.34	19.31	11.83
Trade payables	117.25	174.00	(130.86)
Other current liabilities	(68.26)	3.38	65.64
Short-term provisions	(2.28)	7.62	5.40
Long-term loans and advances	(0.02)	234.66	-
Inventories	(248.60)	(237.34)	127.60
Trade receivables	(204.68)	(101.69)	(53.30)
Other Non-current assets	(0.07)	2.15	(0.43)
Short-term loans and advances	(7.62)	21.18	88.11
<b>Cash generated/ (utilized in) from operating activities before taxes</b>	<b>365.15</b>	<b>577.89</b>	<b>(86.42)</b>
Income taxes paid (net)	(50.61)	(14.88)	(0.30)
<b>Net cash generated/ (utilized in) from operating activities (A)</b>	<b>314.54</b>	<b>563.01</b>	<b>(86.72)</b>
<b>B. Cash flow from investing activities:</b>			
Purchase of property, plant and equipment (including creditors for capital expenditure and capital advances) net of sales	(222.27)	(527.19)	(212.25)
Interest received	1.46	6.91	0.89
Investment in bank deposits (having original maturity of more than three months but less than twelve months)	(0.36)	(5.06)	-
Proceeds from sale of property, plant and equipment	51.32	-	-
<b>Net cash utilized in investing activities (B)</b>	<b>(169.85)</b>	<b>(525.34)</b>	<b>(211.37)</b>
<b>C. Cash flow from financing activities:</b>			
Proceeds from long-term borrowings	-	-	242.50
Repayment of long-term borrowings	(219.39)	(80.81)	(189.22)
Net increase in short-term borrowings	178.25	118.90	339.55
Interest paid	(96.44)	(81.74)	(97.09)
<b>Net cash (utilized in)/generated from financing activities (C)</b>	<b>(137.58)</b>	<b>(43.65)</b>	<b>295.73</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>7.11</b>	<b>(5.97)</b>	<b>(2.35)</b>
Opening cash and cash equivalents	2.22	8.19	10.55
<b>Closing cash and cash equivalents</b>	<b>9.33</b>	<b>2.22</b>	<b>8.19</b>

## GENERAL INFORMATION

Our Company was incorporated as a public limited company in the name and style of ‘Chatha Foods Limited’ pursuant to certificate of incorporation dated October 8, 1997 issued by Registrar of Companies Punjab, H.P & Chandigarh. Subsequently, pursuant to a special resolution passed at the EGM of the Company held on March 31, 2003, our Company was converted into a private limited company and consequently the name of our Company was changed to ‘Chatha Foods Private Limited’ and a fresh certificate of incorporation dated June 16, 2003 was issued by the Registrar of Companies Punjab, H.P & Chandigarh. Thereafter, pursuant to a resolution passed at the EGM of the Company held on August 22, 2023, the name our Company was again changed to its present name, i.e. ‘Chatha Foods Limited’ pursuant to its conversion from private limited to a public limited company and a fresh certificate of incorporation dated September 8, 2023 was issued by the Registrar of Companies, Chandigarh consequent upon such conversion.

For details regarding change in name of the Company and change in registered/corporate office, please see section titled “History and Certain Corporate Matters” beginning on page 82.

### ADDRESS DETAILS OF OUR COMPANY:

Registered Office	Corporate Office
272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India.	Village Chaundheri, Ambala Road, District Mohali, Punjab – 140 501, India.

### Chatha Foods Limited

**Corporate Identity Number:** U15310PB1997PLC020578

**Registration Number:** 020578

**Telephone:** + 91 18146 16381

**Email:** [cs@cfpl.net.in](mailto:cs@cfpl.net.in)

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

### ADDRESS OF REGISTRAR OF COMPANIES

#### Registrar of Companies, Chandigarh

1<sup>st</sup> Floor, Corporate Bhawan,  
Plot No.4-B, Sector 27-B, Chandigarh – 160 019, India

**Telephone:** + 0172- 2639415/ 2639416

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

### BOARD OF DIRECTORS OF OUR COMPANY

Our Company’s Board comprises of the following Directors as set forth in the following table:

Name of Directors	DIN	Designation	Address
Paramjit Singh Chatha	01154225	Managing Director	H. No. 293, First Floor, Sector – 16 A Chandigarh - 160 015, India.
Gurpreet Chatha	01389143	Whole-time Director	2009 Phase 10, Sector 64, SAS Nagar Mohali, Punjab 160 062, India.
Gurcharan Singh Gosal	01389179	Whole-time Director	SCF 305, Motor Market, Manimajra, Chandigarh – 160101, India.
Iqbal Singh Chatha	01472105	Non- Executive Director	273, Mota Singh Nagar, Jalandhar, 144 001 – Punjab, India.
Purnachand Upadrashta	02644665	Independent Director	B-104, Ridgewood estate, DLF City, Phase-IV, Gurgaon, Delhi, India.
Chinmayee Swarup Deulgaonkar	08066568	Independent Director	B-402, Krishna Towers, Atmaram Sawant Marg, Ashok Nagar, Kandivali East, Mumbai, Maharashtra-400101

For detailed our Directors, please see section titled “Our Management” beginning on page 86.

Company Secretary and Compliance Officer	Chief Financial Officer
<b>Priyanka Oberoi</b> <b>Chatha Foods Limited</b> 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India. <b>Telephone:</b> +91 98759 70905 <b>Email:</b> <a href="mailto:cs@cfpl.net.in">cs@cfpl.net.in</a>	<b>Vishal Singh Sirmauria</b> <b>Chatha Foods Limited</b> 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India. <b>Telephone:</b> + 91 98760 18730 <b>Email:</b> <a href="mailto:vishal_sirmauria@cfpl.net.in">vishal_sirmauria@cfpl.net.in</a>

### INVESTOR GRIEVANCES:

Investors may contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. for all Offer related queries and for redressal of complaints, investors may also write to the BRLMs.

All offer-related grievances, other than of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary(ies) with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for Retail Individual Investors who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose the Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications and grievances of ASBA Bidders.

All offer-related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Anchor Investor Application Form number, Bidders’ DP ID, Client ID, PAN, date of the Anchor Investor Application

Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

#### DETAILS OF KEY INTERMEDIARIES PERTAINING TO THE ISSUE OF OUR COMPANY

<b>Book Running Lead Manager to the Issue</b> <b>Indorient Financial Services Limited</b> A-501, Executive Spaces, Rustomjee Central Park, Andheri Kurla Road, Chakala, Mumbai 400 093, Maharashtra, India. <b>Telephone:</b> +91 79772 12186 <b>Email:</b> <a href="mailto:compliance-ifsl@indorient.in">compliance-ifsl@indorient.in</a> <b>Website:</b> <a href="http://www.indorient.in">www.indorient.in</a> <b>Investor Grievance Id:</b> <a href="mailto:wecare@indorient.in">wecare@indorient.in</a> <b>Contact Person:</b> Ivor Anil Misquith <b>SEBI Registration No:</b> INM000012661	<b>Registrar to the Issue</b> <b>Skyline Financial Services Private Limited</b> D-153 A, 1st Floor, Okhla Industrial Area, Phase - I , New Delhi – 110 020, India. <b>Telephone:</b> + 91 97187 39908 <b>Email:</b> <a href="mailto:contact@skylinerta.com">contact@skylinerta.com</a> , <a href="mailto:info@skylinerta.com">info@skylinerta.com</a> <b>Website:</b> <a href="http://www.skylinerta.com">www.skylinerta.com</a> <b>Investor Grievance Id:</b> <a href="mailto:contact@skylinerta.com">contact@skylinerta.com</a> <b>Contact Person:</b> Dinesh, Meenakshi <b>SEBI Registration No:</b> INR000003241
<b>Legal Advisor to the Issue</b> <b>M/s Crawford Bayley &amp; Co.</b> 4 <sup>th</sup> Floor, State Bank Buildings N.G.N. Vaidya Marg, Fort, Mumbai 400 023, Maharashtra, India. <b>Telephone:</b> +91 22 2266 3353 <b>Email:</b> <a href="mailto:sanjay.asher@crawfordbayley.com">sanjay.asher@crawfordbayley.com</a> <b>Contact Person:</b> Sanjay Asher	<b>Statutory Auditors of the Company</b> <b>M/s A. Bafna &amp; Co., Chartered Accountants</b> <b>Address:</b> K-2 Keshav Path, Near Ahinsa Circle, C- Scheme, Jaipur-302001, India. <b>Telephone:</b> +91 98290 53578, 0141-2372572, 2375212, 2373873 <b>Email:</b> <a href="mailto:Vivekguptafca@gmail.com">Vivekguptafca@gmail.com</a> <b>Membership No:</b> 400543 <b>Firm Registration No:</b> 003660C <b>Peer Review Certificate No :</b> 012948 <b>Contact Person:</b> Vivek Gupta
<b>Bankers to the Company</b> [•] <b>Address:</b> [•] <b>Telephone:</b> +91 [•] <b>Email:</b> [•] <b>Website:</b> [•] <b>Contact Person:</b> [•]	<b>Bankers to the Issue / Refund Bank/ Sponsor Bank</b> [•] <b>Address:</b> [•] <b>Telephone:</b> +91 [•] <b>Email:</b> [•] <b>Website:</b> [•] <b>Contact Person:</b> [•] <i>^To be appointed before filing of RHP</i>
<b>Underwriter to the Issue</b> [•] <b>Address:</b> [•] <b>Telephone:</b> + 91 [•] <b>Email:</b> [•] <b>Website:</b> [•] <b>Investor Grievance Id:</b> [•] <b>Contact Person:</b> [•] <b>SEBI Registration No:</b> [•] <i>^To be appointed before filing of RHP</i>	<b>Market Maker to the Issue</b> [•] <b>Address:</b> [•] <b>Telephone:</b> + 91 [•] <b>Email:</b> [•] <b>Website:</b> [•] <b>Investor Grievance Id:</b> [•] <b>Contact Person:</b> [•] <b>SEBI Registration No:</b> [•] <b>BSE Market Maker Registration No.:</b> [•] <i>^To be appointed before filing of RHP</i>
<b>Advisors to the Company for the Issue, its Promoter Shareholders.</b> <b>South Atlantic Partners India Private Limited</b> B/304, Eastern Winds, Bandra Suburban, Mumbai, Maharashtra, India, 400 070 <b>Telephone:</b> +91-98201 40484 <b>Email:</b> <a href="mailto:contacts@southatlanticpartners.com">contacts@southatlanticpartners.com</a> <b>Website:</b> <a href="http://www.southatlanticpartners.com">www.southatlanticpartners.com</a> <b>Contact Person:</b> Dhruv Oberoi	

#### DESIGNATED INTERMEDIARIES

##### Self-Certified Syndicate Banks (SCSB's)

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the abovementioned link.

The list of banks that have been notified by SEBI to act as SCSBs for the UPI process provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>. The list of Branches of the SCSBs named by the respective SCSBs to receive deposits of the application forms from the designated intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and it's updated from time to time.

##### Syndicate SCSB Branches

In relation to ASBA Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> and updated from time to time. For more information on such branches collecting Bid-cum-Application Forms from the Syndicate at Specified Locations, refer to the above-mentioned SEBI link.

##### Registered Brokers

Bidders can submit Bid cum Application Forms in the Issue using the stock brokers network of the Stock Exchanges, i.e., through the

Registered Brokers at the Broker Centres. The list of the Registered Brokers eligible to accept ASBA forms, including details such as postal address, telephone number and email address, is provided on the website of the SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, respectively, as updated from time to time.

#### **Registrar to the Issue and Share Transfer Agents**

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the RTAs eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)), and updated from time to time. For details on RTA, please refer <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=10>.

#### **Collecting Depository Participants (CDP's)**

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the CDPs eligible to accept Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Application Forms from the Designated Intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

#### **CREDIT RATING**

This being an Issue of Equity Shares, credit rating is not required.

#### **TRUSTEES**

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

#### **DEBENTURE TRUSTEES**

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

#### **IPO GRADING**

Since this Issue is being made in terms of Chapter IX of the SEBI ICDR Regulations, there is no requirement of appointing and IPO Grading agency.

#### **STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES**

Since Indorient Financial Services Limited is the sole Book Running Lead Manager to this Issue, a statement of inter se allocation of responsibilities amongst the Book Running Lead Managers is not required.

#### **EXPERT OPINION**

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

Our Company has received written consent from the Statutory Auditor namely, M/s. A. Bafna & Co., Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the reports of the Peer Reviewed Auditor on the Audited Restated Financial Statements, dated September 29, 2023 and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from our Statutory Auditor namely, M/s. A. Bafna & Co, Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and the statement of tax benefits dated September 29, 2023 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from the independent Chartered Engineer Vinod Kumar Garg to include his name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act in respect of their (i) the Cost Assessment Report – Civil dated September 28, 2023 certifying the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to cost of Land and Capital Expenditure pursuant to construction of Building and Civil work and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from the independent Chartered Engineer Ravi Behl to include his name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act in respect of their (i) the Cost Assessment Report – Civil dated September 28, 2023 certifying the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to Capital expenditure towards the Processing Plant & Machinery, Utilities and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

#### **APPRAISAL AGENCY**

The objects of the Issue and deployment of funds are not appraised by any bank or financial institution.

#### **MONITORING AGENCY**

As per regulation 262(1) of SEBI ICDR Regulations, the requirement of monitoring agency is not mandatory if the Issue size is up to ₹ 10,000 Lakh. Since the Issue size is below ₹ 10,000 lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per section 177 of the Companies Act, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the issue.

#### **CHANGES IN THE AUDITORS DURING THE LAST THREE YEARS**

Sr. No	Particulars of the Auditors	Date of Change	Reason
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1.	<b>M/s. Walker ChandioK &amp; Co. LLP</b> Chartered Accountant B-309, 3rd Floor, L&T Elante Office Building, Industrial Area Phase-I, Chandigarh - 160 002 <b>Telephone:</b> +91 17 2433 8099 <b>Email:</b> <a href="mailto:mohit.gupta1@walkerchandiok.in">mohit.gupta1@walkerchandiok.in</a> <b>Contact Person:</b> Mohit Gupta <b>Firm Registration No.:</b> 001076N/N500013 <b>Membership No.:</b> 99410 <b>Peer Review Certificate No. :</b> 014158	September 9, 2023	Resignation due to lack of agreement on the commercial terms of engagement for this proposed IPO
2.	<b>M/s A. Bafna &amp; Co., Chartered Accountants</b> <b>Address:</b> K-2 Keshav Path, Near Ahinsa Circle, C- Scheme, Jaipur-302001, India. <b>Telephone:</b> +91 98290 53578, 0141-2372572, 2375212, 2373873 <b>Email:</b> <a href="mailto:Vivekguptafca@gmail.com">Vivekguptafca@gmail.com</a> <b>Membership No:</b> 400543 <b>Firm Registration No:</b> 003660C <b>Peer Review Certificate No. :</b> 012948 <b>Contact Person:</b> Vivek Gupta	September 9, 2023	Appointed as Statutory Auditors

### GREEN SHOE OPTION

No Green Shoe Option is applicable for this Issue.

### FILING OF THE ISSUE DOCUMENT

This Draft Red Herring Prospectus is being filed with the SME Platform of BSE Limited.

The Draft Red Herring Prospectus shall not be filed with SEBI, nor shall SEBI issue any observation on the Issue Document in terms of Regulation 246(2) of SEBI ICDR, 2018. However, pursuant to Regulation 246(5), the soft copy of Draft Red Herring Prospectus shall be submitted to SEBI. Pursuant to SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Draft Red Herring Prospectus and Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>. Pursuant to SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>.

A copy of the Red Herring Prospectus/ Prospectus along with the documents required to be filed under Section 26, Section 28 and Section 32 of the Companies Act, 2013 will be delivered to the Registrar of Company, Chandigarh at 1<sup>st</sup> Floor, Corporate Bhawan, Plot No.4-B, Sector 27-B, Chandigarh – 160 019, India.

### Book Building Process

Book Building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band shall be determined by our Company in consultation with the Book Running Lead Manager in accordance with the Book Building Process, and advertised in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Punjabi Edition of Regional newspaper [●] where our registered office is situated at least two working days prior to the Bid/ Issue Opening date. The Issue Price shall be determined by our Company, in consultation with the Book Running Lead Manager in accordance with the Book Building Process after the Bid/ Issue Closing Date. Principal parties involved in the Book Building Process are:

- Our Company;
- The Book Running Lead Manager in this case being Indorient Financial Services Limited;
- The Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers with BSE and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by the Book Running Lead Manager;
- The Registrar to the Issue and;
- The Designated Intermediaries and Sponsor bank

The SEBI ICDR Regulations have permitted the issue of securities to the public through the Book Building Process, wherein allocation to the public shall be made as per Regulation 253 of the SEBI ICDR Regulations.

The Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company may in consultation with the BRLM allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI (ICDR) Regulations (the “Anchor Investor Portion”), out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders, in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders may participate in the Issue through an ASBA process by providing details of their respective bank account which will be blocked by the SCSBs. All Bidders are mandatorily required to utilize the ASBA process to participate in the Issue. Under-subscription if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Issue. In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Issue Period and withdraw their Bids until the Bid/Issue Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary basis.

Subject to valid Bids being received at or above the Issue Price, allocation to all categories in the Net Issue, shall be made on a proportionate



basis, except for Retail Portion where allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under – subscription, if any, in any category, would be allowed to be met with spill – over from any other category or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Manager and the Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill over from other categories or a combination of categories.

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors (except Anchor Investors) applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI as a payment mechanism with Application Supported by Blocked Amount for making application. For details in this regards, specific attention are invited to the chapter titled “*Issue Procedure*” beginning on page 134.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

For further details on the method and procedure for Bidding, please see section entitled “*Issue Procedure*” on page 134.

#### **WITHDRAWAL OF THE ISSUE**

Our Company in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date but before the allotment of Equity Shares, a public notice will be issued by our Company within two (2) Working Days of the Issue Closing Date, providing reasons for not proceeding with the Issue. The notice of withdrawal will be issued in the same newspapers where the pre- Issue advertisements have appeared, and the Stock Exchange will also be informed promptly.

The Book Running Lead Manager, through the Registrar to the Issue, will instruct the SCSBs and Sponsor Bank (in case of RII’s using the UPI Mechanism), to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh Draft Red Herring Prospectus with the Stock Exchange where the Equity Shares may be proposed to be listed. Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange with respect to the Equity Shares issued through the Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

#### **UNDERWRITING AGREEMENT**

This Issue is 100% Underwritten. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriter has indicated its intention to underwrite the following number of specified securities being issued through this Issue:

<b>Details of the Underwriter</b>	<b>No. of Shares Underwritten</b>	<b>Amount Underwritten</b>	<b>% of the Total Issue Size Underwritten</b>
[●]	[●]	[●]	[●]

As per Regulation 260(2) of SEBI ICDR Regulations, 2018, the Book Running Lead Manager has agreed to underwrite to a minimum extent of 15% of the Issue out of its own account. In the opinion of the Board of Directors (based on certificate given by the Underwriters), the resources of the above-mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange.

#### **DETAILS OF MARKET MAKING ARRANGEMENT FOR THIS ISSUE.**

The Company and the Book Running Lead Manager undertakes to appoint the Market Maker/s and the particulars of such Market Maker(s) and the summary of the terms of its appointment shall be included in the Red Herring Prospectus prior to filing with the RoC.

Our Company has entered into Market Making Agreement dated [●], with the Market Maker, to fulfil the obligations of Market Making:

The details of Market Maker are set forth below:

<b>Name</b>	[●]
<b>Correspondence Address</b>	[●]
<b>Telephone</b>	[●]
<b>Email</b>	[●]
<b>Website</b>	[●]
<b>Contact Person</b>	[●]
<b>SEBI Registration Number</b>	[●]

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI ICDR Regulations, and its amendments from time to time and the circulars issued by the BSE and SEBI regarding this matter from time to time.

- 1) The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker shall inform the Stock Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
- 2) The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of BSE SME and SEBI from time to time.
- 3) The Inventory Management and Buying/Selling Quotations and its mechanism shall be as per the relevant circulars issued by SEBI and BSE SME from time to time.

- 4) The Market Maker is required to comply with SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012, SEBI ICDR Regulations and relevant Exchange Circulars including.
- 5) The price band shall be 20% and the Market Maker Spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.
- 6) The minimum depth of the quote shall be ₹1,00,000. However, the investors with holdings of value less than ₹1,00,000 shall be allowed to issue their holding to the Market Maker in that scrip provided that they sell their entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
- 7) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
- 8) There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, BSE may intimate the same to SEBI after due verification.
- 9) There would not be more than five Market Makers for a scrip at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 10) The shares of the Company will be traded in continuous trading session from the time and day the company gets listed on BSE SME and Market Maker will remain present as per the guidelines mentioned under BSE and SEBI circulars.
- 11) After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our company reaches to 25% of Issue Size. Any Equity Shares allotted to Market Maker under this Issue over and above 25% of Issue Size would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduces to 24% of Issue Size, the Market Maker will resume providing 2 way quotes.
- 12) There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems or any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
- 13) The Market Maker shall have the right to terminate the said arrangement by giving a one (1) month advance notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker.

In case of termination of the above-mentioned Market Making Agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 261 of the SEBI ICDR Regulations. Further the Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particular point of time.

14) **Risk containment measures and monitoring for Market Makers:**

BSE SME will have all margins, which are applicable on the BSE main board viz., Mark-to-Market, Value-At Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.

- 15) **Punitive Action in case of default by Market Makers:** BSE SME will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties/fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Stock Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two-way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

- 16) **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹250 crores, the applicable price bands for the first day shall be:

1. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
2. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.

Additionally, the trading shall take place in TFT segment for first trading 10 days from commencement of trading. The price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.

- 17) Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market makers during market making process has been made applicable, based on the Issue size and as follows:

Issue Size	Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size)	Re-entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size)
Upto ₹20 Crore	25%	24%
₹20 Crore to ₹50 Crore	20%	19%
₹50 Crore to ₹80 Crore	15%	14%
Above ₹80 Crore	12%	11%

All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.



## CAPITAL STRUCTURE

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

Sr. No.	Particulars	Amount (in ₹, except share data)	
		Aggregate value at nominal value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorised Share Capital #</b>		
	2,50,00,000 Equity Shares of face value of ₹ 10 each	25,00,00,000	
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Issue #</b>		
	1,65,34,879 Equity Shares of face value of ₹ 10 each	16,53,48,790	
<b>C.</b>	<b>Present Issue in terms of this Draft Red Herring Prospectus</b>		
	Public Issue of up to ₹ 61,99,727 Equity Shares of face value of ₹ 10 each at a price of ₹ [●] per Equity Share <sup>(1)</sup>	[●]	[●]
	<i>Which comprises:</i>		
	<b>Market Reservation Portion</b>		
	Up to [●] Equity Shares of face value of ₹ 10 each at a price of ₹ [●] per Equity Share reserved for Market Maker Reservation Portion		
	<b>Net Issue to the Public</b>	[●]	[●]
	Net Issue upto [●] Equity Shares of face value ₹ 10 each at a price of ₹ [●] per Equity Share		
<b>D.</b>	<b>Issued, Subscribed and Paid-Up Share Capital after the Issue</b>		
	[●] Equity Shares of face value of ₹ 10 each*	[●]	
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue (as on date of this Draft Red Herring Prospectus)	5,02,19,208	
	After the Issue	[●]	

# The increase in authorized capital and paid up capital is not reflecting on MCA portal due to technical errors on the MCA portal.

\* To be updated on finalization of the Issue Price

<sup>(1)</sup>The present Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on September 11, 2023, and by the shareholders of our Company vide a special resolution passed pursuant to section 62 (1) (c) of the Companies Act, 2013 at the Extraordinary General Meeting held on September 13, 2023.

### Classes of Shares

Our Company has only one class of share capital i.e. Equity Shares of face value of ₹ 10 each only. All the issued Equity Shares are fully paid-up. Our Company has no outstanding convertible instruments as on the date of this Draft Red Herring Prospectus.

### Details of changes in Authorized Share Capital of our Company since incorporation

The initial authorised capital of our Company was ₹ 5,00,000 consisting of 50,000 Equity Shares of ₹ 10 each. Further, the authorised share capital of our Company has been altered in the manner set forth below:

Date of Shareholder's Meeting	Particulars of Change		AGM/ EGM
	Increased from	Increased to	
January 31, 1998	₹ 5,00,000 divided into 50,000 Equity Shares of ₹ 10/- each	₹ 30,00,000 divided into 3,00,000 Equity Shares of ₹ 10/- each	EGM
May 23, 1998	₹ 30,00,000 divided into 3,00,000 Equity Shares of ₹ 10/- each	₹ 2,00,00,000 divided into 20,00,000 Equity Shares of ₹ 10/- each	EGM
March 25, 2002	₹ 2,00,00,000 divided into 20,00,000 Equity Shares of ₹ 10/- each	₹ 3,00,00,000 divided into 30,00,000 Equity Shares of ₹ 10/- each	EGM
October 3, 2007	₹ 3,00,00,000 divided into 30,00,000 Equity Shares of ₹ 10/- each	₹ 4,50,00,000 divided into 45,00,000 Equity Shares of ₹ 10/- each	EGM
March 25, 2010	₹ 4,50,00,000 divided into 45,00,000 Equity Shares of ₹ 10/- each	₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10/- each	EGM
November 25, 2010	₹ 5,00,00,000 divided into 50,00,000 Equity Shares of ₹ 10/- each	₹ 5,50,00,000 divided into 55,00,000 Equity Shares of ₹ 10/- each	EGM
February 22, 2012	₹ 5,50,00,000 divided into 55,00,000 Equity Shares of ₹ 10/- each	₹ 6,00,00,000 divided into 60,00,000 Equity Shares of ₹ 10/- each	EGM
August 19, 2013	₹ 6,00,00,000 divided into 60,00,000 Equity Shares of ₹ 10/- each	₹ 13,00,00,000 divided into 1,30,00,000 Equity Shares of ₹ 10/- each	EGM
Septemehr 13, 2023 <sup>#</sup>	₹ 13,00,00,000 divided into 1,30,00,000 Equity Shares of ₹ 10/- each	₹ 2,50,00,000 divided into 25,00,00,000 Equity Shares of ₹ 10/- each	EGM

# The increase in authorized capital is not reflecting on MCA portal due to technical errors on the MCA portal.

### NOTES TO CAPITAL STRUCTURE

#### 1. History of Share capital of our Company

The following table sets forth details of the history of paid-up Equity Share capital of our Company:

Date of Allotment	No. of Equity Shares	Face value (₹)	Issue Price (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Cumulative paid-up Capital (₹)
October 08, 1997 (Incorporation)	7,000	10	10	Cash	Subscription to MOA <sup>(1)</sup>	7,000	70,000
January 31, 1998	1,75,300	10	10	Cash	Further Issue <sup>(2)</sup>	1,82,300	18,23,000
May 25, 1998	5,17,270	10	10	Cash	Further Issue <sup>(3)</sup>	6,99,570	69,95,700
June 22, 1998	1,79,900	10	10	Cash	Further Issue <sup>(4)</sup>	8,79,470	87,94,700
August 14, 1998	3,47,924	10	10	Cash	Further Issue <sup>(5)</sup>	12,27,394	1,22,73,940
November 19, 1998	5,92,129	10	10	Cash	Further Issue <sup>(6)</sup>	18,19,523	1,81,95,230
March 31, 2001	50,000	10	10	Cash	Further Issue <sup>(7)</sup>	18,69,523	1,86,95,230
March 30, 2002	9,40,000	10	10	Cash	Further Issue <sup>(8)</sup>	28,09,523	2,80,95,230
February 10, 2005	1,02,000	10	10	Cash	Further Issue <sup>(9)</sup>	29,11,523	2,91,15,230
March 17, 2008	13,35,147	10	10	Cash	Further Issue <sup>(10)</sup>	42,46,670	4,24,66,700
January 27, 2011	12,00,000	10	10	Cash	Further Issue <sup>(11)</sup>	54,46,670	5,44,66,700
February 27, 2012	3,00,000	10	10	Cash	Further Issue <sup>(12)</sup>	57,46,670	5,74,66,700
August 29, 2013	28,10,130	10	10	Cash	Further Issue <sup>(13)</sup>	85,56,800	8,55,68,000
September 05, 2013 @	26,57,879	10	33.82	Cash	Allotment of shares pursuant to a Share Subscription and Shareholder's Agreement <sup>(14)</sup>	1,12,14,679	11,21,46,790
January 21, 2014 @@	11,86,480	10	33.82	Cash	Allotment of shares pursuant to a Share Subscription and Shareholder's Agreement <sup>(15)</sup>	1,24,01,159	12,40,11,590
September 13, 2023 #	41,33,720	10	NA	NA	Bonus Issue <sup>(16)</sup>	1,65,34,879	16,53,48,790

@ 26,57,879 Equity Shares of face value of ₹ 10 each of the Company allotted to Rajasthan Trustee Company Private Limited A/C SME Tech Fund RVCF Trust II ('Investor') at a premium of ₹ 23.81578 per share for a subscription amount of ₹ 8,98,78,251.53, pursuant to a Share Subscription and Shareholder's Agreement dated August 29, 2013, without offering the same to the existing shareholders of the Company, executed by and between the Investor, the Company, and the Promoters namely, Paramjit Singh Chatha, Iqbal Singh Chatha, Harbhajan Chatha and Gurucharan Singh Chatha.

@@ 11,86,480 Equity Shares of face value of ₹ 10 each of the Company allotted to Rajasthan Trustee Company Private Limited A/C SME Tech Fund RVCF Trust II ('Investor') at a premium of ₹ 23.81578 per share for a subscription amount of ₹ 4,01,21,746.65, pursuant to a Share Subscription and Shareholder's Agreement dated August 29, 2013 without offering the same to the existing shareholders of the Company, executed by and between the Investor, the Company, and the Promoters namely, Paramjit Singh Chatha, Iqbal Singh Chatha, Harbhajan Chatha and Gurucharan Singh Chatha.

# The increase in paid-up share capital is not reflecting on MCA portal due to technical errors on the MCA portal.

- (1) Subscription of to the MOA for the total of 7,000 Equity Shares by Paramjit Singh Chatha (1,000 shares), Harbhajan Singh Chatha (1,000 shares), Iqbal Singh Chatha (1,000 shares), Har Iqbal Singh Chatha (1,000 shares), Anmol Deep Singh (1,000), Maninder Singh Mainee (1,000 shares) and Birinder Singh (1,000 shares)
- (2) Allotment of a total of 1,75,300 Equity Shares to Gurucharan Singh (1,60,300 Equity Shares) and Paramjit Singh Chatha (15,000 Equity Shares)
- (3) Allotment of a total of 5,17,270 Equity Shares to Chatha Financial Services Limited (50,000 Equity Shares), Chatha Financiers Limited (30,000 Equity Shares), Paramjit Singh Chatha (50,000 Equity Shares), Iqbal Singh Chatha (90,000 Equity Shares), Harbhajan Singh Chatha (40,000 Equity Shares), Iqbal Singh Chatha (50,500 Equity Shares), Gurcharan Singh (1,51,800 Equity Shares), Mandhir Singh (19,980 Equity Shares), Balwant Kaur (10,000 Equity Shares), Anmol Deep Singh (14,990 Equity Shares) and Sukhdeep Kaur (10,000 Equity Shares).
- (4) Allotment of a total of 17,99,00 Equity Shares to Manjit Singh (1,900 Equity Shares), Sonam Kaur (1,900 Equity Shares), Rupinder Kaur (1,900 Equity Shares), Sandeep Kaur (1,900 Equity Shares), Gurpartap Singh (1,900 Equity Shares), Gursimran Singh (1,900 Equity Shares), Guravtar Singh (1,900 Equity Shares), Hari Singh (1,900 Equity Shares), Jagir Singh (1,900 Equity Shares), Buta Singh (1,900 Equity Shares), Raguvir Singh (1,000 Equity Shares), Manjit Singh (79,900 Equity Shares), Anmoldeep Singh (30,000 Equity Shares), Mandhir Singh (30,000 Equity Shares) and Paramjit Singh (20,000 Equity Shares).
- (5) Allotment of a total of 3,47,924 Equity Shares to Gurmail Singh (40,000 Equity Shares), Jasvir Singh (10,000 Equity Shares), Gurcharan Singh (1,43,424 Equity Shares), Mandhir Singh (20,000 Equity Shares), Paramjit Singh (64,500 Equity Shares) and Mandhir Singh (70,000 Equity Shares).
- (6) Allotment of a total of 5,92,129 Equity Shares to Mandeep Singh (99,750 Equity Shares), Manjit Singh (48,000 Equity Shares), Jagir Singh (49,900 Equity Shares), Harbhajan Singh Chatha (39,500 Equity Shares), Iqbal Singh Chatha (1,00,000 Equity Shares), Paramjit Singh (50,000 Equity Shares), Gagan Singh (21,500 Equity Shares), Gurcharan Singh (40,979 Equity Shares), Chatha Financial Services Limited (35,000 Equity Shares), Manjit Singh (30,000 Equity Shares), Sukhdeep Kaur (10,000 Equity Shares), Mandhir Singh (10,000 Equity Shares) and Harcharan Singh (47,500 Equity Shares).
- (7) Allotment of a total of 50,000 Equity Shares to Parmjit Singh.
- (8) Allotment of total of 9,40,000 Equity Shares allotted to Paramjit Singh Chatha (1,50,000 Equity Shares), Gurcharan Singh (6,30,000 Equity Shares) and Iqbal Singh Chatha (1,60,000 Equity Shares).
- (9) Allotment of 1,02,000 Equity Shares to Harbhajan Singh Chatha.
- (10) Allotment of a total of 13,35,147 Equity Shares to Iqbal Singh Chatha (8,00,000 Equity Shares), Paramjit Singh Chatha (2,24,400

Equity Shares), Harbhajan Singh (2,27,650 Equity Shares) and Gurcharan Gosal (83,097 Equity Shares).

- (11) Allotment of a total of 12,00,000 Equity Shares to Paramjit Singh Chatha (2,90,000 Equity Shares), Iqbal Singh Chatha (2,90,000 Equity Shares), Harbhajan Singh Chatha (3,00,000 Equity Shares) and Gurcharan Singh Gosal (3,20,000 Equity Shares).
- (12) Allotment of a total of 3,00,000 Equity Shares to Paramjit Singh Chatha (72,000 Equity Shares), Gurcharan Gosal (84,000 Equity Shares), Harbhajan Chatha (72,000 Equity Shares) and Iqbal Singh Chatha (72,000 Equity Shares).
- (13) Allotment of a total of 28,10,130 Equity Shares to Paramjit Singh Chatha (8,38,800 Equity Shares), Gurucharan Singh Gosal (8,50,000 Equity Shares), Harbhajan Singh Chatha (8,28,800 Equity Shares), Iqbal Singh Chatha (2,92,500 Equity Shares) and Amol Deep Singh (30 Equity Shares).
- (14) Allotment of a total of 26,57,879 Equity Shares to Rajasthan Trustee Company Private Limited A/c SME Tech Fund RVCF Trust II.
- (15) Allotment of a total of 11,86,480 Equity Shares to Rajasthan Trustee Company Private Limited A/c SME Tech Fund RVCF Trust II.
- (16) Allotment of a total of 41,33,720 Equity Shares to Paramjit Singh (6,27,133 Equity Shares), Gurpreet Chatha (868069 Equity Shares), Gurcharan Singh Gosal (1034753 Equity Shares), Anmoldeep Singh (121800 Equity Shares), Iqbal Singh Chatha (629000 Equity Shares), Manjit Chatha (26633 Equity Shares), Gursimar Singh Chatha (330697 Equity Shares), Irina Chatha (17362 Equity Shares), Namrata Kaur Gurm (64899 Equity Shares) and Negen Undiscovered Value Fund (413372 Equity Shares) pursuant to a bonus issue in the proportion of 1 bonus Equity Shares for every 3 fully paid up equity shares held by them.

## **2. Preference Share capital history of our Company**

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

## **3. Issue of equity shares for consideration other than cash or out of revaluation reserves and through Bonus Issue:**

As of date of this Draft Red Herring Prospectus, our Company has not issued Equity Shares for consideration other than cash nor has it undertaken a bonus issue by capitalizing its revaluation reserves.

4. Our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme.
5. Our Company has not allotted any Equity Shares in terms of any Scheme approved under Section 391-394 of the Companies Act, 1956 or Section 230-234 of the Companies Act, 2013.
6. Our Company has not issued any Equity Shares at a price lower than the Issue Price during a period of one year preceding the date of this Draft Red Herring Prospectus.

## 7. Shareholding Pattern of our Company

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

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities No. (a)	No. of locked-in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								Class (Equity)	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoters and Promoter Group	6	1,09,36,068	--	--	1,09,36,068	66.14	1,09,36,068	1,09,36,068	64.15	--	--	--	--	--	--	1,09,36,068
(B)	Public	4	55,98,811	--	--	55,98,811	33.86	55,98,811	55,98,811	35.85	--	--	--	--	--	--	55,98,811
(C)	Non-Promoter-Non-Public	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C1)	Shares underlying depository receipts	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C2)	Shares held by employee trusts	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>		<b>10</b>	<b>1,65,34,879</b>	<b>--</b>	<b>--</b>	<b>1,65,34,879</b>	<b>100.00</b>	<b>1,65,34,879</b>	<b>1,65,34,879</b>	<b>100.00</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,65,34,879</b>

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one (1) day prior to the listing of the Equity shares. The shareholding pattern will be uploaded on the website of the Stock Exchange before commencement of trading of such Equity Shares. The Equity Shares held by our Promoters are in physical form. Our Company has filed the requisite forms for conversion of the equity into dematerialized form. Further, the increase in paid-up share capital is not reflecting on MCA portal due to technical errors on the MCA portal.

**Other details of shareholding of our Company:**

- a) Particulars of the shareholders holding 1% or more of the paid-up share capital of our Company aggregating to 80% or more of the paid-up share capital and the number of shares held by them as on the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Paramjit Singh Chatha	25,08,533	15.17%
2.	Iqbal Singh Chatha	25,16,000	15.22%
3.	Gurpreet Chatha	34,72,277	21.00%
4.	Gurcharan Singh Gosal	41,39,013	25.03%
5.	Anmoldeep Singh	4,87,200	2.95%
6.	Gursimar Singh Chatha	13,22,789	8.00%
7.	Namrata Kaur Gurm	2,59,597	1.57%
8.	Negen Undiscovered Value Fund	16,53,488	10.00%
<b>Total</b>		<b>1,63,58,899</b>	<b>98.94%</b>

- b) None of the shareholders of our Company holding 1% or more of the paid-up capital of the Company as on the date of the filing of this Draft Red Herring Prospectus are entitled to any Equity Shares upon exercise of warrant, option or right to convert a debenture, loan or other instrument.

- c) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them two (02) years prior to filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Paramjit Singh Chatha	18,77,500	15.14%
2.	Iqbal Singh Chatha	18,77,500	15.14%
3.	Gurpreet Chatha	18,77,500	15.14%
4.	Gurcharan Singh Gosal	24,65,600	19.88%
5.	Anmoldeep Singh	3,65,400	2.95%
6.	Rajasthan trustee Company Private Limited A/CSME Tech Fund RVCF Trust II	38,44,359	31.00%
<b>Total</b>		<b>1,23,07,859</b>	<b>99.25%</b>

- d) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them one (01) year from the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Offer Equity Share Capital
1.	Paramjit Singh Chatha	18,77,500	15.14%
2.	Iqbal Chatha	18,77,500	15.14%
3.	Gurpreet Chatha	18,77,500	15.14%
4.	Gurcharan Singh	24,65,600	19.88%
5.	Anmoldeep Singh	3,65,400	2.95%
6.	Rajasthan trustee Company Private Limited A/CSME Tech Fund RVCF Trust II	38,44,359	31.00%
<b>Total</b>		<b>1,23,07,859</b>	<b>99.25%</b>

- e) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them ten days prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Offer Equity Share Capital
1.	Paramjit Singh Chatha	25,08,533	15.17%
2.	Iqbal Singh Chatha	25,16,000	15.22%
3.	Gurpreet Chatha	34,72,277	21.00%
4.	Gurcharan Singh Gosal	41,39,013	25.03%
5.	Anmoldeep Singh	4,87,200	2.95%
6.	Gursimar Singh Chatha	13,22,789	8.00%
7.	Namrata Kaur Gurm	2,59,597	1.57%
8.	Negen Undiscovered Value Fund	16,53,488	10.00%
<b>Total</b>		<b>1,63,58,899</b>	<b>98.94%</b>

- f) Our Company has not made any initial public offer of its Equity Shares or any convertible securities during the preceding two (2) years from the date of this Draft Red Herring Prospectus.

8. Our Company does not have any intention or proposal to alter its capital structure within a period of six (06) months from the date of opening of the Issue by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares whether preferential or bonus, rights or further public issue basis. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the opening of the Issue to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

**9. Details of Build-up of our Promoter's shareholding:**

As on the date of this Draft Red Herring Prospectus, the Promoters of our Company, hold 10607023 Equity Shares, equivalent to 64.15 % of the issued, subscribed and paid-up Equity Share capital of our Company and none of the Equity Shares held by the Promoters are subject to any pledge.

Set forth below are the details of the build-up of our Promoters' shareholding in our Company since incorporation:

**1. Paramjit Singh Chatha:**

Date of Allotment / transfer and Date when made fully paid-up	Nature of transaction	Number of Equity Shares	Face value per Equity Share (in ₹)	Issue / transfer price per Equity Share (in ₹)	Nature of consideration (cash / other than cash)	Cumulative number of Equity Shares	% of pre offer capital	% of post offer capital
October 10, 1997	Further Issue	1,000	10	10	Cash	1,000	Negligible	[●]
January 31, 1998	Further Issue	15,000	10	10	Cash	16,000	Negligible	[●]
May 25, 1998	Further Issue	50,000	10	10	Cash	66,000	0.30	[●]
June 22, 1998	Further Issue	20,000	10	10	Cash	86,000	Negligible	[●]
August 14, 1998	Further Issue	64,500	10	10	Cash	1,50,500	0.39	[●]
November 19, 1998	Further Issue	50,000	10	10	Cash	2,00,500	0.30	[●]
March 31, 2001	Further Issue	50,000	10	10	Cash	2,50,500	0.30	[●]
March 30, 2002	Further Issue	1,50,000	10	10	Cash	4,00,500	0.90	[●]
January 05, 2005	Transfer from Jagir Singh (Father)	1,900	10	Nil	Gift	4,02,400	Negligible	[●]
January 05, 2005	Transfer from Jagir Singh (Father)	49,900	10	Nil	Gift	4,52,300	0.30	[●]
March 31, 2008	Further Issue	2,24,400	10	10	Cash	6,76,700	1.35	[●]
January 27, 2011	Further Issue	2,90,000	10	10	Cash	9,66,700	1.75	[●]
February 27, 2012	Further Issue	72,000	10	10	Cash	10,38,700	0.43	[●]
August 29, 2013	Further Issue	8,38,800	10	10	Cash	18,77,500	5.07	[●]
August 23, 2023	Transfer from Barinder Singh	1,000	10	Nil	Gift	18,78,500	Negligible	[●]
August 23, 2023	Transfer from Sandeep Kaur	1,900	10	Nil	Gift	18,80,400	Negligible	[●]
August 23, 2023	Transfer from Raghbir Singh	1,000	10	Nil	Gift	18,81,400	Negligible	[●]
September 13, 2023	Bonus Issue	6,27,133	10	Nil	-	25,08,533	3.79	[●]
<b>Total</b>		<b>25,08,533</b>				<b>25,08,533</b>	<b>15.17</b>	<b>[●]</b>

# The allotment is not reflecting on MCA portal due to technical errors on the MCA portal.

**2. Gurcharan Singh Gosal**

Date of Allotment / transfer and Date when made fully paid-up	Nature of transaction	Number of Equity Shares	Face value per Equity Share (in ₹)	Issue / transfer price per Equity Share (in ₹)	Nature of consideration (cash / other than cash)	Cumulative number of Equity Shares	% of pre offer capital	% of post offer capital
January 31, 1998	Further Issue	1,60,300	10	10	Cash	1,60,300	0.96	[●]
May 25, 1998	Further Issue	1,51,800	10	10	Cash	3,12,100	0.91	[●]
August 14, 1998	Further Issue	1,43,424	10	10	Cash	4,55,524	0.86	[●]
November 19, 1998	Further Issue	40,979	10	10	Cash	4,96,503	0.24	[●]
March 30, 2002	Further Issue	6,30,000	10	10	Cash	11,26,503	3.81	[●]
July 23, 2007	Transfer from Buta Singh	1,900	10	Nil	Gift	11,28,403	Negligible	[●]
July 23, 2007	Transfer from Buta Singh	100	10	Nil	Gift	11,28,503	Negligible	[●]
March 31, 2008	Further Issue	83,097	10	10	Cash	12,11,600	0.50	[●]
January 27, 2011	Further Issue	3,20,000	10	10	Cash	15,31,600	1.93	[●]
February 27, 2012	Further Issue	84,000	10	10	Cash	16,15,600	0.50	[●]
August 29, 2013	Further Issue	8,50,000	10	10	Cash	24,65,600	5.14	[●]
July 14, 2023	Purchase of shares from SME Tech Fund pursuant to a share purchase agreement dated July 11, 2023 *	6,38,660	10	40.32	Cash	31,04,260	3.86	[●]
September 13, 2023	Bonus Issue #	10,34,753	10	Nil	-	41,39,013	6.25	[●]
<b>Total</b>		<b>41,39,013</b>					<b>25.03</b>	

\* 6,38,660 Equity Shares of face value of ₹ 10 each of the Company purchased by Gurcharan Singh Gosal from SME Tech Fund RVCF Trust II ('Seller') at a price of ₹ 40.32 per share, pursuant to a Share Purchases Agreement dated July 11, 2023 executed by and between the Seller, the Promoters namely, Gurcharan Singh Chatha and Gurpreet Chatha, and Irina Chatha, Namrata Kaur Gurm, Negen Undiscovered Value Fund and Gursimar Singh Chatha.

# The allotment is not reflecting on MCA portal due to technical errors on the MCA portal.

### 3. Gurpreet Chatha

Date of Allotment / transfer and Date when made fully paid-up	Nature of transaction	Number of Equity Shares	Face value per Equity Share (in ₹)	Issue / transfer price per Equity Share (in ₹)	Nature of consideration (cash / other than cash)	Cumulative number of Equity Shares	% of pre offer capital	% of post offer capital
September 11, 2020	Transmitted from Harbhajan Singh Chatha	18,77,500	10	Nil	-	18,77,500	15.14	[●]
July 14, 2023	Purchase of shares from SME Tech Fund pursuant to a share purchase agreement dated July 11, 2023*	7,26,708	10	40.32	Cash	26,04,208	5.86	[●]
September 13, 2023	Bonus Issue #	8,68,069	10	Nil	-	34,72,277	5.24	[●]
<b>Total</b>		<b>34,72,277</b>					<b>21.00</b>	

\* 7,26,708 Equity Shares of face value of ₹ 10 each of the Company purchased by Gurpreet Chatha from SME Tech Fund RVCF Trust II ('Seller') at a price of ₹ 40.32 per share, pursuant to a Share Purchases Agreement dated July 11, 2023 executed by and between the Seller, the Promoters namely, Gurucharan Singh Chatha and Gurpreet Chatha,; and Irina Chatha, Namrata Kaur Gurm, Negen Undiscovered Value Fund and Gursimar Singh Chatha.

# The allotment is not reflecting on MCA portal due to technical errors on the MCA portal.

### 4. Anmoldeep Singh

Date of Allotment / transfer and Date when made fully paid-up	Nature of transaction	Number of Equity Shares	Face value per Equity Share (in ₹)	Issue / transfer price per Equity Share (in ₹)	Nature of consideration (cash / other than cash)	Cumulative number of Equity Shares	% of pre offer capital	% of post offer capital
October 10, 1997	Further Issue	1,000	10	10	Cash	1,000	Negligible	[●]
May 25, 1998	Further Issue	14,990	10	10	Cash	15,990	0.12	[●]
June 22, 1998	Further Issue	30,000	10	10	Cash	45,990	0.24	[●]
November 19, 1998	Further Issue	10,000	10	10	Cash	55,990	0.08	[●]
August 24, 2013	Transfer from Mandhir Singh	19,980	10	Nil	Gift	75,970	0.16	[●]
August 24, 2013	Transfer from Mandhir Singh	30,000	10	Nil	Gift	1,05,970	0.24	[●]
August 24, 2013	Transfer from Mandhir Singh	20,000	10	Nil	Gift	1,25,970	0.16	[●]
August 24, 2013	Transfer from Mandhir Singh	70,000	10	Nil	Gift	1,95,970	0.56	[●]
August 24, 2013	Transfer from Balwant Kaur	10,000	10	Nil	Gift	2,05,970	0.08	[●]
August 24, 2013	Transfer from Jasvir Singh	10,000	10	10	Cash	2,15,970	0.08	[●]
August 24, 2013	Transfer from Sukhdeep Kaur	10,000	10	Nil	Gift	2,25,970	0.08	[●]
August 24, 2013	Transfer from Mandhir Singh	10,000	10	Nil	Gift	2,35,970	0.08	[●]
August 24, 2013	Transfer from Gurmail Singh	40,000	10	10	Cash	2,75,970	0.32	[●]
August 24, 2013	Transfer from Sukhdeep Kaur	10,000	10	Nil	Gift	2,85,970	0.08	[●]
August 24, 2013	Transfer from Harcharan Singh Gill	47,500	10	10	Cash	3,33,470	0.38	[●]
August 24, 2013	Transfer from Manjit Singh	30,000	10	10	Cash	3,63,470	0.24	[●]
August 24, 2013	Transfer from Manjit Singh	1,900	10	10	Cash	3,65,370	0.02	[●]
August 29, 2013	Further Issue	30	10	10	Cash	3,65,400	Negligible	[●]
September 13, 2023	Bonus Issue#	1,21,800	10	Nil	-	4,87,200	0.73	[●]
<b>Total</b>		<b>4,87,200</b>					<b>2.95</b>	

# The allotment is not reflecting on MCA portal due to technical errors on the MCA portal.

10. As on the date of this Draft Red Herring Prospectus, the Company has 10 members/ shareholders.

11. The details of the Shareholding of the members of the Promoter Group (other than our Promoters) as on date of this Draft Red Herring Prospectus are set forth in the table below:

Sr. No.	Name of the Shareholders	Pre-Offer		Post- Offer	
		Number of Equity Shares	% of total shareholding	Number of Equity Shares	% of total shareholding
1.	Namrata Kaur Gurm	259597	1.57%	[●]	[●]
2.	Irina Chatha	69447	0.42%	[●]	[●]
<b>Total</b>		<b>329044</b>	<b>1.99</b>	<b>[●]</b>	<b>[●]</b>

12. Except as stated below, the Promoter, Promoter Group, Directors of our Company and their relatives have not undertaken purchase or sale transactions in the Equity Shares of our Company, during a period of six (6) months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

Sr. No.	Name of the Shareholders	Designation	Number of Shares Purchased	Number of Shares Sold
1.	Gurpreet Chatha	Promoter and Director	7,26,708	-
2.	Gurcharan Singh Gosal	Promoter and Director	6,38,660	-
3.	Irina Chatha	Promoter Group	52,085	-
4.	Namrata Kaur Gurm	Promoter Group	1,94,698	-
<b>Total</b>			<b>16,12,151</b>	

13. There are no financing arrangements wherein the Promoters, Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six (6) months immediately preceding the date of filing of the Draft Red Herring Prospectus.

#### 14. Details of Promoters' contribution locked in for three years

Pursuant to Regulation 236 and 238 of the SEBI (ICDR) Regulations, an aggregate of 20% of the fully diluted post-Issue capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment ("Minimum Promoter Contribution"), and the Promoters' shareholding in excess of 20% of the fully diluted post-Issue Equity Share capital shall be locked in for a period of one year from the date of Allotment.

The lock-in of the Minimum Promoter's Contribution would be created as per applicable laws and procedures and details of the same shall also be provided to the Stock Exchange before the listing of the Equity Shares.

Our Promoters have given their consent to include such number of Equity Shares held by it as may constitute 20% of the fully diluted post-Issue Equity Share capital of our Company as Promoters' Contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

Following are the details of Minimum Promoter's Contribution:

Number of Equity Shares locked-in <sup>*(1)(2)</sup>	Nature of Allotment / Transfer	Date of Allotment and Date when made fully paid-up	Face value (in ₹)	Issue / Acquisition Price per Equity Share (in ₹)	Nature of consideration (cash / other than cash)	% of fully diluted post- Offer paid-up capital	Period of lock-in
<i>Paramjit Singh Chatha</i>							
[●]	[●]	[●]	10	[●]	[●]	[●]	3 years
<i>Gurucharan Singh Gosal</i>							
[●]	[●]	[●]	10	[●]	[●]	[●]	3 years
<i>Gurpreet Chatha</i>							
[●]	[●]	[●]	10	[●]	[●]	[●]	3 years
<i>Anmoldeep Singh</i>							
[●]	[●]	[●]	10	[●]	[●]	[●]	3 years
<b>TOTAL</b>	[●]					[●]	3 years

*To be populated at the Prospectus stage.*

The Promoters have given their consent to include such number of Equity Shares held by him as disclosed above, constituting 20% of the post-Issue Equity Share capital of our Company as Minimum Promoter's Contribution and has agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Minimum Promoter's Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations

For details on the build-up of the Equity Share capital held by our Promoters, see "Details of the Build-up of our Promoters' shareholding" on page.

The Promoter's Contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as 'promoter' under the SEBI (ICDR) Regulations.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoter' Contribution under Regulation 237 of the SEBI (ICDR) Regulations. In this computation, as per Regulation 237 of the SEBI (ICDR) Regulations, our Company confirms that the Equity Shares which are being locked-in do not, and shall not, consist of:

#### Eligibility of Share for "Minimum Promoters Contribution in terms of clauses of Regulation 237(1) of SEBI (ICDR) Regulations, 2018

Reg No.	Promoters' Minimum Contribution Conditions	Eligibility Status of Equity Shares forming part of Promoter's Contribution
237(1)(a)(i)	Specified Securities acquired during the preceding three years, if they are acquired for consideration other	The minimum Promoter's contribution does not consist of



	than cash and revaluation of assets or capitalization of intangible assets is involved in such transaction.	such Equity Shares. <b>Hence Eligible</b>
237(1)(a)(ii)	Specified Securities acquired during the preceding three years, resulting from a bonus issue by utilisation of revaluation reserves or unrealised profits of the issuer or from bonus issue against equity shares which are ineligible for minimum promoters' contribution;	The minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible</b>
237(1)(b)	Specified Securities acquired by promoters during the preceding one year, at a price lower than the price at which the specified securities are being offered to the public in the initial public offer.	The minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible</b>
237(1)(c)	Specified securities allotted to the promoters during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms or limited liability partnerships, where the partners of the erstwhile partnership firms or limited liability partnerships are the promoters of the issuer and there is no change in the management. Provided that specified securities, allotted to promoters against capital existing in such firms for a period of more than one year on a continuous basis, shall be eligible.	The minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible</b>
237(1)(d)	Specified securities pledged with any creditor	Our Promoters have not pledged any shares with any creditors. Accordingly, the minimum Promoter's contribution does not consist of such Equity Shares. <b>Hence Eligible</b>

Our Company has not been formed by the conversion of a partnership firm into a company in the past one year and thus, no Equity Shares have been issued to our Promoter upon conversion of a partnership firm in the past one year. All the Equity Shares held by the Promoters are held in physical form. Our Company has filed the requisite forms for conversion of the equity into dematerialized form.

Other than the Equity Shares locked-in as Promoter's Contribution for a period of three years as stated in the table above, the entire pre-Issue capital of our Company, including the excess of minimum Promoter's Contribution, as per Regulation 237 (1) (a) and (b) and 238 of the SEBI (ICDR) Regulations, shall be locked in for a period of one year from the date of Allotment of Equity Shares in the Offer. Such lock – in of the Equity Shares would be created as per the bye laws of the Depositories.

***Other requirements in respect of 'lock-in'***

In terms of Regulation 243 of the SEBI (ICDR) Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 239 of the SEBI (ICDR) Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code as applicable.

In terms of Regulation 243 of the SEBI (ICDR) Regulations, the Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 237 (a) and (b) and 238 of the SEBI (ICDR) Regulations, may be transferred to and amongst Promoter / members of the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable.

In terms of Regulation 242 of the SEBI (ICDR) Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions or a systemically important non-banking finance company or a housing finance company as collateral security for loans granted by such banks or financial institutions, provided that such loans have been granted for the purpose of financing one or more of the objects of the Issue and pledge of the Equity Shares is a term of sanction of such loans.

In terms of Regulation 242 of the SEBI ICDR Regulations, locked in Equity Shares held by the Promoters may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans subject to the following conditions:

- i. In respect of Equity Shares which are locked in for a period of one year, the pledge of the Equity Shares is one of the terms of the sanction of the loan.
- ii. In respect of Equity Shares which are locked in for a period of three years, the loan has been granted by such scheduled commercial bank or public financial institution or systemically important non-banking finance company or housing finance company to our Company for the purpose of financing one or more of the objects of the Issue and the pledge of the Equity Shares is one of the terms of the sanction of the loan.

An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Issue as a result of which, the post-offer paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased so as to ensure that 20% of the Post Issue paid-up capital is locked in for three years.

**Lock-in of Equity Shares Allotted to Anchor Investors**

In terms of Schedule XIII of the SEBI ICDR Regulations, the Equity Shares, if any, allotted to Anchor Investors shall be locked in for a period of 30 days from the date of Allotment of such Equity Shares.

15. Our Company, our Promoters, our Directors and the BRLM have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Issue.
16. The post-Issue paid up Equity Share Capital of our Company shall not exceed the authorised Equity Share Capital of our Company.
17. There have been no financing arrangements whereby our Directors or any of their relatives have financed the purchase by any other person of securities of our Company during the six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
18. No person connected with the Issue, including, but not limited to, our Company, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Issue.
19. Except for the Pre-IPO Placement, if any, there neither have been and there will be no further issue/offer of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchange or all application monies have been refunded, as the case may be.
20. This Issue is being made through Book Building Method.
21. No person connected with the Issue shall offer any incentive, whether direct or indirect, in the nature of discount, commission, and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant.
22. As per RBI regulations, OCBs are not allowed to participate in this Issue.
23. Our Company has no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
24. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
25. Our Company shall ensure that any transactions in Equity Shares by our Promoter and the Promoter Group during the period between the date of filing the Draft Red Herring Prospectus and the date of closure of the issue, shall be reported to the Stock Exchanges within 24 hours of the transaction.
26. All Equity Shares offered pursuant to the Issue shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
27. As on the date of this Draft Red Herring Prospectus, the BRLM and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The BRLM and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.
28. As on the date of this Draft Red Herring Prospectus, we do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme and we do not intend to allot any shares to our employees under Employee Stock Option Scheme/ Employee Stock Purchase Plan from the proposed Issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
29. Our Promoter and the members of our Promoter Group will not subscribe in the Issue.
30. Except as disclosed below, none of our Directors or Key Management Personnel hold any Equity Shares in our Company:

Sr. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
1.	Paramjit Singh Chatha – Managing Director	25,08,533	15.17%
2.	Gurcharan Singh Gosal – Executive Director	41,39,013	25.03%
3.	Gurpreet Chatha – Executive Director	34,72,277	21.00%
4.	Iqbal Singh – Non-Executive Director	25,16,000	15.22%

31. An over-subscription to the extent of 1% of the Issue subject to the maximum post issue paid up capital of ₹ 25 cr. can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 1% of the Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to 3-year lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
32. Our Company has not raised any bridge loans which are proposed to be repaid from the proceeds of the Issue.

## OBJECTS OF THE ISSUE

The Issue comprises of a Fresh Issue of upto 61,99,727 Equity Shares aggregating upto ₹[●] lakhs by our Company. For details, please refer chapter titled “*The Issue*” on page 26.

The net proceeds of the Issue, i.e. gross proceeds of the Issue less the Issue related expenses (“**Net Proceeds**”) are proposed to be utilised for the following objects:

1. Setting up a Proposed Manufacturing Unit
2. General Corporate Purposes

(Collectively referred to herein as the “**Objects**”)

### Proceeds of the Issue

The following table sets forth the details of the Net Proceeds:

	(₹ in lakhs)
Particulars	Amount*
Gross Proceeds from the Issue	[●]
Less: Issue related expenses *	[●]
<b>Net Proceeds **</b>	<b>[●]</b>

\* For details of the expenses related to the Issue, see “*Issue Expenses*” on page 49 below.

\*\*To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with RoC.

### Utilisation of Net Proceeds

The following table sets forth the details of the proposed utilisation of the Net Proceeds:

		(₹ in lakhs)
Sr. No.	Particulars	Estimated Amount*
1	Setting up a the Proposed Manufacturing Facility <sup>(1)</sup>	2,411.03
2	General Corporate Purposes <sup>#</sup>	[●]
<b>Total (Net Proceeds)</b>		<b>[●]</b>

<sup>(1)</sup>Total estimated cost based on the Cost Assessment Report- Civil and Cost Assessment Report – Plant and Machinery

<sup>#</sup> To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with RoC. The amount utilized for general corporate purpose shall not exceed 25% of the gross proceeds of the Issue.

In addition to the aforementioned Objects, our Company expects to receive the benefits of listing of the Equity Shares on the BSE SME, the SME Platform of BSE Limited, including among things, the enhancement of our Company’s brand name and creation of a public market in India for our Equity shares.

The main objects and objects incidental and ancillary to the main objects clause of our Memorandum of Association enable our Company to: (i) undertake the existing business activities; and (ii) undertake the activities proposed to be funded from the Net Proceeds. Further, we confirm that the activities which we have been carrying out till date are in accordance with the objects clause of our Memorandum of Association.

### Proposed Schedule of Implementation and Deployment of Net Proceeds

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

	(₹ in lakhs)		
Objects	Amount to be funded from Net Proceeds*	Amount to be deployed from the Net Proceeds in Fiscal 2024	Amount to be deployed from the Net Proceeds in Fiscal 20245
Setting up a new Manufacturing Facility <sup>(1)</sup>	2,411.03	692.45	1,718.58
General Corporate Purposes <sup>#</sup>	[●]	[●]	-
<b>Total</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

<sup>(1)</sup>Total estimated cost based on the Cost Assessment Report- Civil and Cost Assessment Report – Plant and Machinery

<sup># #</sup> To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with RoC. The amount utilized for general corporate purpose shall not exceed 25% of the gross proceeds of the Issue.

The fund requirements, the proposed deployment of funds and the intended use of the Net Proceeds as set-out above are based on our current business plans, management estimates of future growth projections, vendor quotations, current circumstances of our business and prevailing market conditions, which are subject to change. Further, the fund requirements and proposed deployment of funds described herein have not been appraised by any bank or financial institution. For details, please refer Risk Factor – “*There can be no assurance that the objects of the Issue will be achieved within the time frame anticipated or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the plan for deployment of the Net Proceeds has not been appraised by any bank or financial institution.*” on page 17.

We may have to revise our funding requirements and deployment from time to time on account of various factors, such as, financial and market conditions, competition, business and strategy, negotiation with lenders and our vendors, interest/exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling or revising the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable law. For details, please refer, “Risk Factor- “*As on date we have not*

obtained any of the approvals, clearances and permissions as may be required from the relevant authorities for the Proposed Manufacturing Facility. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected.” on page 16.

Additionally, we have relied on the Cost Assessment Report dated September 28, 2023- Civil issued by Chartered Engineer, Vinod Kumar Garg in relation to the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to cost of Land and Capital Expenditure pursuant to construction of Building and Civil work and Cost Assessment Report – Plant and Machinery dated September 28, 2023 issued by Chartered Engineer, Ravi Behl in relation to the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to Capital expenditure towards the Processing Plant & Machinery, Utilities.

We propose to deploy the entire Net Proceeds towards the Objects over financial year 2024 and 2025. However, if the Net Proceeds are not completely utilised for the objects stated above by the end of the above-mentioned period, such amounts will be utilised (in part or full) in subsequent periods, as determined by us, in accordance with applicable law.

In case we require additional capital towards meeting the objects of the Issue, our Company may explore arrange of options including utilising internal accruals and availing additional debt from existing and/or future lenders. Presently, our Company has availed an expression of interest (“**EOI**”) from Kotak Mahindra Bank Limited (“**Bank**”) dated September 29, 2023 for an amount of ₹ 300 lakhs. We believe that such alternate arrangements would be available to fund any such shortfalls. If the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used for funding future growth opportunities, and/or towards funding any of the other existing objects (if required), and/or general corporate purposes within the permissible limit in accordance with applicable law.

#### Means of Finance

We intend to finance the Objects from the Net Proceeds and Internal Accruals. Accordingly, we confirm that we are in compliance with the requirements prescribed under Paragraph 9(C)(1) of Part A of Schedule VIII and Regulation 7(1)(e) of the SEBI ICDR Regulations and there is no requirement for us to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised through the Issue and existing internal accruals. In case of shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilising our internal accruals and/ or availing further borrowings. Presently, our Company has availed an expression of interest (“**EOI**”) from Kotak Mahindra Bank Limited (“**Bank**”) dated September 29, 2023 for an amount of ₹ 300 lakhs. Further, if the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used for funding other objects as mentioned above or towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds from the Fresh Issue in accordance with the SEBI ICDR Regulations.

#### Details of the Objects of the Issue

##### I. Setting up a New Manufacturing Facility

Our Company is engaged in the business of frozen, ready-to-eat non-vegetarian and vegetarian food products using sophisticated technology to produce premium quality processed foods and is a supplier to hotels, restaurants and catering businesses. To cater to the rapidly growing demand for Vegetarian Frozen RTE (ready to eat) & RTC (ready to cook) products, our Company is setting up a manufacturing unit at Mohali (Punjab).

The total estimated cost for setting up the factory is ₹ 3,046.54 lakhs. This has been estimated by our management in accordance with our business plan approved by our IPO Committee pursuant to its meeting dated September 28, 2023 and quotations received from third party suppliers and has been certified by Chartered Engineers Vinod Kumar Garg and Ravi Behl vide Cost Assessment Report – Civil dated September 28, 2023 and Cost Assessment Report - Plant and Machinery dated September 28, 2023 respectively.

The itemised list of estimated spends towards the setup is as follows:

S. no.	Particulars	Total Estimated Project Cost*	Means of Finance	
			From Internal Accruals	From Net IPO Proceeds
A	Land <sup>(1)</sup>	452.53	62.85	389.68
B	Construction of building and civil works <sup>(2)</sup>	1,202.95	31.02	1,171.93
C	Plant and machineries <sup>(3)</sup>	1,211.06	361.64	849.42
D	Other Preliminary/Pre-Operating Expenses/Govt Rate, Fee's & Taxes	110.00	110.00	-
E	Misc Fixed Assets (Testing Lab Equipment's & Other Production Tools)	70.00	70.00	-
	<b>Total</b>	<b>3,046.54</b>	<b>635.51</b>	<b>2,411.03</b>

(1)(2) Total estimated cost based on the Cost Assessment Report- Civil

(3) Total estimated cost based on the Cost Assessment Report- Plant and Machinery

\*Applicable taxes have been included in the estimated cost.

##### A. Land

The new manufacturing facility for production of Vegetarian Frozen RTE & RTC products is proposed to be set up at Village Tofhapur Tehsil Dera Bassi Distt SAS Nagar, Mohali. In this regard, the Company (referred to as the “**Purchaser**”) has entered into an agreement to sell dated September 25, 2023 with Jaswinder Singh & Kulwinder Singh S/o Charan Singh S/o Nasib Singh (together holding 8 Bigha 9 Biswas 6-1/3 Biswasi Share of the Land) and Mohan Singh & Harwinder Singh S/o Sant Ram S/o Nasib Singh (together holding 8 Bigha 9 Biswas 6-1/3 Biswasi Share of the Land) (referred to as the “**Sellers**”), for land situated at Village Tofhapur Tehsil Dera Bassi Distt SAS Nagar, Mohali, for a total area admeasuring approximately 3.49 acres (the “**Land**”). The Land will be utilized for setting up a manufacturing building having 35,360 sq. ft. area and utility shed building of 5,000 sq. ft. for capacity expansion with additional capacity of 29 MT/per day.

The total sale price of the Land has been fixed at ₹ 419.01 lakhs. Our Company has paid ₹ 62.85 lakhs as earnest money from Internal Accruals and the balance ₹ 356.16 lakhs is proposed be paid out of Net Proceeds of the Issue.

Our Company has obtained a title search report dated September 28, 2023 from M/s Amit Sharma & Co, Advocate, Legal & Corporate Consultants, which states that the Sellers are the present owners of the Land and the Land owned by the Sellers is mortgaged with Indian Overseas Bank and UCO Bank of Lalru (“Banks”). Our Company has paid ₹ 62.85 lakhs as earnest money to the Seller, out of which ₹ 34.40 lakhs is money paid to the Banks towards the settlement of the mortgage amount due by the Sellers to the Banks. We have complied with the conditions of the Agreement to Sell and await a no objection certificate from the Banks to release the charge created on the Land.

The Land will be registered in the name of our Company and a conveyance deed will be executed in favour of our Company upon payment of the remaining consideration for the Land. The Agreement to Sell requires the sale to be completed on or before March 31, 2024. For risks in relation to use of the Net Proceeds for the acquisition of land, see “Risk Factors— “We have not entered into any arrangements for alternate source of raising the funds required for our “Objects of the Issue”. Any shortfall in raising/meeting the same could adversely affect our growth plans, operations and financial performance.” on page 16.

The Sellers are not related to any of the Promoters or Directors of our Company.

#### B. Construction of building and civil works

The costs associated with the construction of the building and civil work based on the Cost Assessment Report – Civil are set out below:

	Area in sq. ft	Rate per sq. ft	Total Amount <sup>*)</sup>	Amount proposed to be funded from Net Proceeds	Quotations received from	Range of validity of quotations
<b>B1. BUILDING WORKS</b>						
Construction of Shed including amenities	35,360	1,033	365.09	365.09	Kalatmak Furnishers	08/09/2023 to 06/03/2024
Construction of Utility Area	5,000	1,947	97.35	97.35	Kalatmak Furnishers	08/09/2023 to 06/03/2024
Miscellaneous work (Boundary Wall)	15,125	448	67.82	67.82	Kalatmak Furnishers	08/09/2023 to 06/03/2024
Miscellaneous work (Road)	18,000	112	20.18	20.18	Kalatmak Furnishers	08/09/2023 to 06/03/2024
Miscellaneous work (Puf Panel for Outer Walls)	9,472	181	17.13	17.13	Aman Refrigeration Pvt. Ltd.	07/09/2023 to 05/03/2024
Miscellaneous work (Puf Panel for Ceiling of Outer Walls)	36,167	247	89.21	89.21	Aman Refrigeration Pvt. Ltd.	07/09/2023 to 05/03/2024
Miscellaneous work (PU Flooring)	43,056	192	82.60	82.60	Modern Build care	08/09/2023 to 06/03/2024
Miscellaneous work (Epoxy)	807	365	2.95	2.95	Modern Build care	08/09/2023 to 06/03/2024
<b>SUB-TOTAL (B1)</b>			<b>742.33</b>	<b>742.33</b>		
<b>B2. CIVIL WORKS &amp; UTILITIES</b>						
Diesel Generator's	NA	NA	100.30	100.30	Green Field Enterprises	09/09/2023 to 28/02/2024
Electrical Fittings (Voltage Stabilizer, Transformer & VCB)	NA	NA	38.55	38.55	Bharti Engineers	25/08/2023 to 28/02/2024
Electrical Panel	NA	NA	60.67	60.67	Standard Control Panel Pvt Ltd.	08/09/2023 to 06/03/2024
Reverse Osmosis Plant (RO system 4000 LPH)	NA	NA	18.70	18.70	Global Aquatech	08/09/2023 to 07/09/2024
Air Compressor	NA	NA	21.89	21.89	ELGI Equipments LTD.	09/09/2023 to 07/03/2024
Waste Management System	NA	NA	69.44	69.44	Ishita Envirotech	09/09/2023 to 28/02/2024
Fire Hydrant for Manufacturing Building	NA	NA	51.49	51.49	Narson Sales Corporation	11/09/2023 to 09/03/2024
Air Handling Unit for Manufacturing Building	NA	NA	68.56	68.56	Cool Tech Engineers	09/09/2023 to 09/03/2023
Wirings, Cables, Compressed air lines	NA	NA	23.60	-		
Architect fees	NA	NA	7.42	-		
<b>SUB-TOTAL (B2)</b>			<b>460.62</b>	<b>429.60</b>		
<b>Total (B1+B2)</b>			<b>1,202.95</b>	<b>1,171.93</b>		

\*Applicable taxes have been included in the estimated cost.

#### C. Plant and Machineries

The costs associated with the construction of the plant and machinery are based on the Cost Assessment Report – Plant and Machinery are set out below:(1)

SR. NO.	Particulars	Total Estimated Costs*	Amount proposed to be funded from Net	Quantity	Quotations received from	Dates of Quotations	Quotations valid till
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			Proce eds				
1	Formed, Coated and Fried product line	240.31	240.31	1	Tech Froeb Machinery Pvt.Ltd.	07-09-2023	06-02-2024
2	Tortilla Line	69.03	69.03	1	Dr. Froeb(I) Pvt. Ltd.	07-09-2023	06-02-2024
3	Breads/RTE Line	121.25	121.25	1	Zaftech Machine & Equipment Co.	11-09-2023	30-03-2024
4	Spring Roll Line	70.00	-	1	Not Available	-	-
4	Mincer Grinder Model W130L (Free Standing Model)	17.70	17.70	2	Dr. Froeb(I) Pvt. Ltd.	07-09-2023	06-02-2024
5	Talsa Bowl Cutter K-135	60.18	60.18	1	Dr. Froeb(I) Pvt. Ltd.	07-09-2023	06-02-2024
6	Paddle Mixer MIX 450	69.08	69.08	2	Dr. Froeb(I) Pvt. Ltd.	07-09-2023	06-02-2024
7	Vacuum tumbler GRZK1000	16.34	16.34	1	Dr. Froeb(I) Pvt. Ltd.	07-09-2023	06-02-2024
8	Flake Ice Machine Model GM-50K	23.01	23.01	1	Dr. Froeb(I) Pvt. Ltd.	07-09-2023	06-02-2024
9	Super Sealer	11.59	11.59	2	Top Line Food Equipments LLP	08-09-2023	30-03-2024
10	Buggies SL-DB200PO	4.57	4.57	30	Seaplast(Ind.)Pvt. LTd.	06-09-2023	Not Mentioned
11	SS Tables	7.08	7.08	15	Krumaa Cleanroom Technology	08-09-2023	06-03-2024
12	Cooking Vat	2.29	2.29	1	Krumaa Cleanroom Technology	08-09-2023	06-03-2024
13	Refrigerated Chillers & Blasts	172.95	172.95	1	Aman Refrigeration Pvt. Ltd.	07-09-2023	05-03-2024
14	Instant Quick-Freezing Unit	325.68	34.04	2	Aman Refrigeration Pvt. Ltd.	07-09-2023	05-03-2024
	<b>TOTAL</b>	<b>1,211.06</b>	<b>849.42</b>				

\*Applicable taxes have been included in the estimated cost.

We have not entered into any definitive agreements with the suppliers mentioned above and there can be no assurance that the same suppliers would be engaged eventually for these procurements at the same costs. The quantity of the machinery to be purchased and related cost will be based on the actual requirements and management estimates. Our Company shall have the flexibility to deploy such machinery and material according to the business requirements, which are dynamic, which may evolve with the passage of time and based on the estimates of our management. For risks related to the same, please refer Risk Factor “We have not entered into any arrangements for alternate source of raising the funds required for our “Objects of the Issue”. Any shortfall in raising/meeting the same could adversely affect our growth plans, operations and financial performance.” on page 16.

Our Promoters, Directors, Key Management Personnel or Group Entities have no interest in the proposed procurements, as stated above.

In the event there is a shortfall of funds required for purchase of machinery and funding of other related cost for our proposed data centres, such shortfall shall be met out of the amounts allocated for general corporate purposes and / or through internal accruals or borrowing from financial institutions. Presently, our Company has availed an expression of interest (“EOI”) from Kotak Mahindra Bank Limited (“Bank”) dated September 29, 2023 for an amount of ₹ 300 lakhs

## II. GENERAL CORPORATE EXPENSES

We propose to deploy the balance Net Proceeds aggregating to ₹ [●] lakhs towards general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds from the Fresh Issue, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which we propose to utilise the Net Proceeds include meeting day to day expenses include short-term working capital requirements, meeting any expense of the Company, including salaries and wages, administration, insurance, repairs and maintenance, payment of taxes and duties, meeting expenses incurred in the ordinary course of business and towards any exigencies, and any other purpose, as considered expedient and as approved periodically by our Board or a duly constituted committee thereof, subject to compliance with applicable law, including the necessary provisions of the Companies Act.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and our business requirements, from time to time. Our management, in accordance with the policies of our Board, shall have flexibility in utilising surplus amounts, if any

### Details of funds deployed till date and sources of funds deployed

The funds deployed up to Septmebr 29, 2023 pursuant to the object of this Issue as certified by the Auditors of our Company, viz. M/s A. Bafna & Co., Chartered Accountants pursuant to their certificate dated September 29, 2023 is given below:

Deployment of Funds	Amount (₹ in lakhs)
Project related	62.85
Issue related expenses	19.25
<b>TOTAL</b>	<b>82.10</b>

Sources of Funds	Amount (₹ in lakhs)
Internal accruals	82.10
<b>TOTAL</b>	<b>82.10</b>

### Estimated Issue Related Expenses

The total expenses for this Issue are estimated not to exceed ₹ [●] lakhs which is [●]% of Issue Size. The details of Issue expenses are tabulated below:

(₹ in Lakh)			
Particulars	Amount	% of Total Issue Expenses	% of Total Issue size
Book Running Lead Manager fees	[●]	[●]	[●]
Underwriting & Selling commissions fees	[●]	[●]	[●]
Brokerage, selling commission and other uploading fees	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Fees to the legal advisor, audit / chartered accountant fees	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to regulators including stock exchanges	[●]	[●]	[●]
Printing and distribution expenses	[●]	[●]	[●]
Others, if any (market making, depositories, marketing fees, secretarial, etc.)	[●]	[●]	[●]
<b>Total Expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

*Issue expenses include goods and services tax, where applicable. Issue expenses will be incorporated at the time of filing of the Prospectus. Issue expenses are estimates and are subject to change.*

**ASBA Bankers:** The SCSBs will be entitled to selling commission of [●] % (plus GST) of the amount allotted (product of the no. of equity shares allotted and the Issue Price) for the forms directly procured by them and uploaded on the electronic system of the stock exchange by them on the portion of Retail Individual investor and non-Institutional investor. No other fees/commission shall be payable on the application forms directly procured by them.

*The SCSBs would be entitled to processing fees of [●] % (plus GST) of the amount allotted (product of the no. of equity shares allotted and the Issue Price), for processing the application forms procured by other intermediaries and submitted to SCSBs for processing.*

**SYNDICATE ASBA:** Other intermediaries (syndicate/sub-syndicate/registered broker/CRTAs/CDPs or for using 3-in-1 type account i.e. linked online trading, demat and bank account provided by some of the registered brokers) will be entitled to selling commission of ₹10/- (plus GST) per valid application form for the forms directly procured by them and submitted to SCSBs for processing by them on the portion of Retail Individual investor and Non-Institutional investor.

**Issuer banks for UPI Mechanism** as registered with SEBI would be entitled to a processing fee of ₹10/- (plus GST) per valid application form made by the Retail Individual investors using the UPI mechanism for processing. The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars and other applicable laws.

*The terminal from which the application has been uploaded will be taken into account in order to determine the total processing fees payable to the relevant registered broker and other intermediaries.*

*Any expenses incurred towards IPO related expenses will be reimbursed/ recouped out of the gross proceeds of the Issue.*

*The processing fees for applications made by UPI investors using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 and such payment of processing fees to the SCSBs shall be made in compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.*

*Further, in terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.*

#### **Interim Use of Net Proceeds**

Pending utilisation of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, as may be approved by our Board or a duly constituted committee thereof.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets

#### **Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

#### **Appraising entity**

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

#### **Monitoring of Utilisation of Funds**

As the proposed size of the Issue is less than ₹10,000 lakhs, in terms of Regulation 262 of the SEBI ICDR Regulations, we are not required to appoint of a monitoring agency for the monitoring the utilisation of Net Proceeds. Our Board will monitor the utilization of Net Proceeds through its Audit Committee

Pursuant to Regulation 32 of the Listing Regulations, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Until such time as any part of the Net Proceeds remains unutilized, our Company will disclose the utilization of the Net Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Net Proceeds have been utilized so far, and details of amounts out of the Net Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Net Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a Fiscal Year, we will utilize such unutilized amount in the next financial year. Further,

in accordance with Regulation 32(1)(a) of the Listing Regulations our Company shall furnish to the Stock Exchanges on a half yearly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Prospectus.

#### **Variations in Objects**

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Initial Public Offer without being authorized to do so by the Shareholders by way of a special resolution through a postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (“Postal Ballot Notice”) shall specify the prescribed details as required under the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Punjabi, the vernacular language of the jurisdiction where our Registered Office is situated. In accordance with the Companies Act, 2013, our Promoters will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with our Articles of Association, the Companies Act, 2013 and the SEBI ICDR Regulations.

#### **Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter Group, our Directors, our Key Management Personnel or our Senior Management. Except in the normal course of business and in compliance with applicable law, there are no existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoters, Promoter Group, our Directors, our Key Management Personnel or our Senior Management. Further, pursuant to the Issue, the Net Proceeds received by our Company shall only be utilised for objects identified by our Company and for general corporate purposes and none of our Promoters and Promoter Groups, shall receive a part of or whole Net Proceeds directly or indirectly.



## BASIS FOR ISSUE PRICE

The Issue Price and the Price Band will be determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10/- each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times of the face value at the upper end of the Price Band.

Investors should refer to “Risk Factors”, “Our Business”, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 14, 66, 104 and 110, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

The following qualitative factors and business strengths allow us to successfully compete in the industry which form the basis for computing the Issue Price:

- Strong Supply Chain and Input Sourcing for QSR, CDR and Other Outdoor Dining Options in India:
- In-house Manufacturing Plant Layout & Designing Capability as per the GFSI approved global foods safety standards
- Quality Compliance, Control and Quality Standards
- Experienced Promoters and Management
- High quality standards

For further details, see “Risk Factors” and “Our Business” on pages 14 and 66, respectively.

### Quantitative Factors

The information presented in this section is derived from our Restated Financial Statements. For details, see “Financial Statements” on page 104 of this Draft Red Herring Prospectus. Investors should evaluate our Company and form their decisions taking into consideration its earnings, and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Issue price are as follows:

#### 1. Basic and Diluted Earnings per Share (EPS), as adjusted for changes in capital

For the year ended	Basic EPS	Diluted EPS	Weight	(in ₹)
March 31, 2021	(2.42)	(2.42)	1	
March 31, 2022	0.41	0.41	2	
March 31, 2023	1.48	1.48	3	
<b>Weighted Average</b>	<b>0.47</b>			

Notes:

- i. The face value of each Equity share is ₹ 10
- ii. The figures disclosed above are based on the Restated Financial Statements of the Company.
- iii. Basic Earnings per Share = Net Profit/ (Loss) after tax, as restated attributable to equity shareholders/ Weighted average number of equity shares outstanding during the year/ period.
- iv. Diluted Earnings per Share = Net Profit/ (Loss) after tax, as restated attributable to equity shareholders/ Weighted average number of diluted potential equity shares outstanding during the year/ period.
- v. Basic and Diluted EPS calculations are in accordance with Accounting Standard 20 “Earnings per Share”, notified under section 133 of Companies Act, 2013 read together along with paragraph 7 of Companies (Accounting) Rules, 2014.

#### 2. Price / Earning (P/E) Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share:

Particulars	(P/E) Ratio at the Floor Price (no. of times)	(P/E) Ratio at the Floor Price (no. of times)
a) Based on basic EPS as per the Restated Financial Statements for the year ended March 31, 2023	[●]	[●]
b) Based on diluted EPS as per the Restated Financial Statements for the year ended March 31, 2023	[●]	[●]

#### 3. Average Return on Net Worth (RONW):

For the year ended	RoNW (%)	Weight
March 31, 2021	(19.41)	1
March 31, 2022	3.55	2
March 31, 2023	11.95	3
<b>Weighted Average</b>	<b>3.92</b>	

Note:

- i. The RoNW has been computed by dividing net profit after tax (excluding exceptional items) with the average restated Net worth of beginning and the end of the year/ period
- ii. Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/ Total of weights.

#### 4. Net Asset Value (NAV) per Equity Share:

Net Asset Value per Equity Share	(₹)
As of March 31, 2023	13.15
NAV Post Issue (₹)	[●]
Issue price per share (₹)	[●]

Note:

- i. NAV per share = Restated Net worth at the end of the year/weighted average number of equity shares outstanding at the end of the year/ period.
- ii. Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares.

## 5. Comparison of Accounting Ratios with Industry Peers

Name of the Company	Current Market Price (₹)*	Face Value (₹)	EPS (₹)	P/E (x) times	RoNW (%)	Net Asset Value per share (₹)	Total Income FY 23 (₹ Lakhs)	PAT FY 23 (₹ Lakhs)
Chatha Foods Limited	[●]	10	1.48	[●]	11.95	13.15	11,724.23	245.20
<b>Peer</b>								
Tasty Bite Eatables Limited	16,138.55	10	117.73	137.08	12.41	948.92	48,942.90	3,021.00

Notes:

- i. Source – All the financial information for listed industry peer mentioned above is sourced from the audited financial results of the aforesaid companies for the year ended March 31, 2023 and stock exchange data dated September 22, 2023 to compute the corresponding financial ratios. For our Company, we have taken Current Market Price as the issue price of equity share.
- ii. Further, P/E Ratio is based on the current market price of the respective scrips.
- iii. The EPS, NAV, RoNW and Total Income of our Company are taken as per Restated Financial Statements for the Financial Year 2022-23 as adjusted with the effect of Bonus Issue.
- iv. NAV per share is computed as the closing net worth divided by the closing outstanding number of paid up equity shares as adjusted with the effect of Bonus Issue.
- v. P/E Ratio of the peer company is based on the audited financial results of the company for the financial year 2023 and stock exchange data dated September 22, 2023.
- vi. The RoNW has been computed by dividing net profit after tax (excluding exceptional items) with the average restated Net worth of beginning and the end of the year/ period.
- vii. Net worth has been computed in the manner as specified in Regulation 2(1) (hh) of SEBI (ICDR) Regulations, 2018.
- viii. The face value of Equity Shares of our Company is Rs. 10/- per Equity Share and the Issue price is [●] times the face value of equity share.

## 6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of our Company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated September 29, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this DRHP. Further, the KPIs herein have been certified by A. Bafna & Co., Chartered Accountants, by their certificate dated Sept

The KPIs of our Company have been disclosed in the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators” on pages 66 and 66 respectively. We have described and defined the KPIs, as applicable, in “Definitions and Abbreviations” on page 8.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

### Key Performance Indicators of our Company

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
No. of SKU’s	204	150	134
Non – vegetarian	150	125	134
Vegetarian	5	0	0
Plant based	49	25	0
No. of customers	33	22	23
No. of Employees	284	255	235
Total revenues [in INR Lakhs]	11,724.23	8,740.31	6,119.03
EBITDA [in INR Lakhs]	708.94	445.81	(203.50)
EBITDA (%)	6.05%	5.10%	(3.33%)
PAT [in INR Lakhs]	245.20	67.24	(400.35)
PAT (%)	2.09%	0.77%	(6.54%)
Net Worth [in INR Lakhs]	2,175.11	1,929.93	1,862.68
Debt Service Coverage Ratio	1.98	1.33	(0.24)
Return on Net Worth (%)	11.95%	3.55%	(19.41%)
Return on Capital Employed (%)	13.43%	6.11%	(15.85%)
Current Ratio (Times)	0.83	0.67	0.70
Cash Conversion Cycle (Days)	22.94	16.76	12.51

### Explanation for KPI metrics

KPI	Explanations
No. of SKU’s	Calculated as total SKUs developed by the Company either through concept manufacturing or concept sharing manufacturing approaches.
No. of customers	Calculated as total clients for whom we are providing serving

No. of Employees	Calculated as total employees employed in the business
Total Revenue	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of the Company and size of our business.
EBITDA	EBITDA provides a comprehensive view of our financial health as it considers all sources of our income.
EBITDA (%)	EBITDA margin (%) is financial ratio that measures our profitability as a percentage of its total revenue.
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT (%)	PAT Margin is an indicator of the overall profitability and financial performance of our business.
Net Worth	Net worth represents the shareholders funds invested in the business.
Debt Service Coverage Ratio	Calculated as the sum of profit before tax, depreciation and amortization expense and finance cost divided by the sum of lease payments, principal repayments of secured and unsecured loans, and finance cost related to borrowings
Return on Net Worth	Return on Networth (%) is an indicator of our efficiency as it measures our profitability. It represents how efficiently we generate profits from our shareholders funds.
Current Ratio	It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
Cash Conversion Cycle	Cash conversion cycle is a metric expressing how many days it takes a company to convert the cash it spends on inventory back into cash by selling its product

7. Set forth below are the details of comparison of key performance of indicators with our listed industry peers:

Particulars	Chatha Foods Limited			Tasty Bite Eatables Limited		
	2022-2023	2021-2022	2020-2021	2022-2023	2021-2022	2020-2021
Total Income (INR Lakhs)	11,724.23	8,740.31	6,119.03	48,942.90	38,556.00	40,428.90
EBITDA (INR Lakhs)	708.94	445.81	(203.50)	7,773.30	4,704.60	7,276.50
EBITDA margin	6.05%	5.10%	(3.33%)	15.88%	12.20%	18.00%
Profit after tax (INR Lakhs)	245.20	67.24	(400.35)	3,021.00	1,032.80	3,934.20
PAT margin (%)	2.09%	0.77%	(6.54%)	6.17%	2.68%	9.73%
Operating cash flows generated / (utilized) (INR Lakhs)	314.55	563.01	(86.72)	6,106.70	6,496.20	4,006.30
Cash flow utilized in Investing activities (INR Lakhs)	(169.85)	(525.34)	(211.37)	(3,372.80)	(4,664.20)	(5,610.70)
ROCE	13.43%	6.11%	(15.85%)	15.21%	6.98%	21.13%
ROE	11.95%	3.55%	(19.41%)	12.41%	4.76%	19.04%
Debt / equity ratio	0.49	0.57	0.57	0.31	0.34	0.51
Current Ratio (times)	0.83	0.67	0.70	1.48	1.51	1.66

Source: Chatha Foods – Restated Financials Statements; Tasty Bite Eatables Limited – Annual Report FY2023

8. Weighted average cost of acquisition

A. The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities)

There has been no issuance of Equity Shares, other than Equity Shares issued pursuant to a bonus issue on Septemebr 30, 2023 during the 18 months preceding the date of this DRHP, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

B. The price per share of our Company based on the secondary sale / acquisition of shares (equity /convertible securities)

Except as stated below, there has been no secondary sale / acquisitions of Equity Shares, where the promoters, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Date of transfer	Name of transferor	Name of Transferee	No. of Equity shares	Price Per Equity Share	Nature of transaction	Total Consideration (in ₹ lakhs)
July 14, 2023	SME Tech Fund RVCF Trust II	Gurpreet Chatha	7,26,708	40.32	Secondary Sale	293.01

C. Weighted average cost of acquisition, floor price and cap price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price* (i.e. ₹ [●])	Cap price* (i.e. ₹ [●])
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Weighted average cost of acquisition of primary / new issue as per paragraph 9(A) above.	NA	NA	NA
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 9(B) above.	[●]	[●]	[●]

\* To be updated at Prospectus stage.

Chatha Foods Limited is a Book Built Issue and the price band for the same shall be published 2 working days before opening of the Issue in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Punjabi Edition of Regional newspaper [●] where the registered office of the company is situated each with wide circulation.

The Price Band/ Floor Price/ Issue Price shall be determined by our Company in consultation with the BRLM and will be justified by us in consultation with the BRLM on the basis of the above information. Investors should read the abovementioned information along with “*Our Business*”, “*Risk Factors*” and “*Restated Financial Statements*” on pages 66, 14 and 104 respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “*Risk Factors*” or any other factors that may arise in the future and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

### 3. STATEMENT OF TAX BENEFITS

Date: 29<sup>th</sup> September 2023

To,

**The Board of Directors**  
**Chatha Foods Limited**  
272, Mota Singh Nagar,  
Jalandhar – 144 001,  
Punjab, India.

Dear Sir(s),

**Sub: Proposed initial public offering of equity shares of ₹ 10/-each (the “Equity Shares”) of Chatha Foods Limited (the “Company” and such offering, the “Issue”)**

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We report that the enclosed statement in **Annexure A**, states the possible special tax benefits available to the Company and to its shareholders under the applicable tax laws presently in force in India including a) the Income Act, 1961 (‘Act’), as amended by the Finance Act, 2023 i.e. applicable for FY 2022-23 and AY 2023-24, and other direct tax laws presently in force in India b) the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the “GST Act”) presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the stated special tax benefits is dependent upon their fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Neither are we suggesting nor advising the investor to invest money based on this statement.

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

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

The benefits discussed in the enclosed statement are not exhaustive nor are they conclusive. The contents stated in the annexure are based on the information, explanations and representations obtained from the Company.

We hereby give consent to include this statement of tax benefits in the Draft Red Herring Prospectus and submission of this certificate as may be necessary, to the BSE SME Platform where the Equity Shares are proposed to be listed (“**Stock Exchange**”) and the Registrar of Companies, Chandigarh (“**RoC**”), SEBI or any regulatory authority and/or for the records to be maintained by the Book Running Lead Manager in connection with the Issue and in accordance with applicable law.

Terms capitalised and not defined herein shall have the same meaning as ascribed to them in the Issue Documents.

Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement

Your sincerely,

**For A. Bafna & Co.**  
**Chartered Accountants**  
Firm Registration No.: 003660C

CA Vivek Gupta  
Partner  
Membership No: 400543  
Place: Jaipur  
Date: 29<sup>th</sup> September 2023  
UDIN: 23400543BGSOYR1722

**Enclosed as above**

**Annexure – A**

CC:

**Indorient Financial Services Limited**  
A-501, Executive Spaces,  
Rustomjee Central Park,  
Andheri Kurla Road, Chakala,  
Mumbai 400 093, Maharashtra, India

## ANNEXURE TO THE STATEMENT OF TAX BENEFITS

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

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

**A. SPECIAL TAX BENEFITS TO THE COMPANY**

The Company is not entitled to any special tax benefits under the Direct and Indirect Tax Laws

**B. SPECIAL TAX BENEFITS TO THE SHAREHOLDER**

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

**Note:**

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

No assurance is given that the revenue authorities/courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

**For A. Bafna & Co**  
**Chartered Accountants**  
**Firm Registration No.: 003660C**

**CA Vivek Gupta**  
**(Partner)**  
**Place: Jaipur**  
**Date: 29<sup>th</sup> September 2023**

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

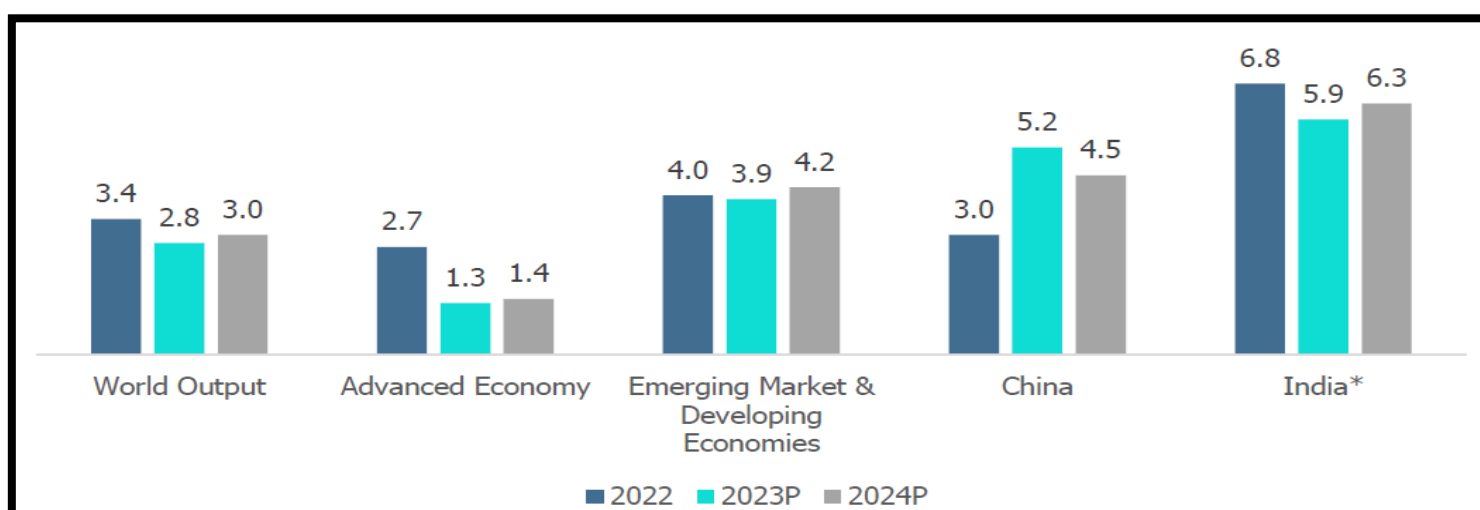
The information in this chapter has been derived from publicly available information as well as industry publications and sources. Additionally, we have commissioned and paid for the report titled 'Quick Service Restaurant (QSR) Market in India 2023' of February 2023 issued by Netsribes Data & Insights Private Limited and used certain extracts from the said report in this chapter. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with this Issue has independently verified the information provided in this chapter. Industry sources and publications, referred to in this chapter, generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured, and, accordingly, investment decisions should not be based on such information. The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" beginning on page 14 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information

#### GLOBAL ECONOMIC OVERVIEW

As per the International Monetary Fund (IMF)'s World Economic Outlook growth projections released in April 2023, global economic growth for CY22 was estimated at 3.4% on year on year (y-o-y) basis, down from 6.3% in CY21 due to disruptions resulting from the Russia-Ukraine conflict and higher-than-expected inflation worldwide. The global economic growth for CY23 is projected to slow down further to 2.8% mainly due to tightening global financial conditions, expectations of steeper interest rate hikes by major central banks to fight inflation and spillover effects from the war between Russia and Ukraine with gas supplies from Russia to Europe expected to remain tightened. Growth in CY24 is projected to marginally improve to 3.0% with expected gradual recovery from the effects of the war and subsiding of inflation. For the next 5 years, the IMF projects world economic growth in the range of 3.0%-3.2% on a y-o-y basis.

#### Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Source: IMF – World Economic Outlook, April 2023

For major advanced economies, the GDP growth was estimated to be 2.7% in CY22, down from 5.4% in CY21, which is further projected to decline to 1.3% in CY23. This forecast of low growth reflects rise in central bank interest rates to fight inflation and the impacts of Russia-Ukraine war. About 90% of advanced economies are projected to see decline in growth in CY23. This growth is expected to increase slightly to 1.4% in CY24. One of the major countries from this group is United States. The growth for United States is estimated to be 2.1% for CY22 compared to 5.9% in CY21. Whereas, growth for CY23 and CY24 is projected at 1.6% and 1.1%, respectively. This is reflective of declining real disposable income impacting consumer demand with higher interest rates taking toll on spending.

The growth for CY22 in Euro Area is estimated to be 3.5% compared to 5.4% in CY21. However, the boost from reopening of economy after pandemic appears to be fading. For CY23 and CY24, the growth is projected at 0.8% and 1.4%, respectively. With inflation at about 7%-8% in several Euro Area countries and the United Kingdom, household budgets will remain stretched. Further, the accelerated pace of rate increases by the Bank of England and the European Central Bank is tightening financial conditions and cooling demand in the housing sector and beyond.

For the emerging market and developing economies group, GDP growth is estimated at 4.0% in CY22, compared to 6.9% in CY21. This growth is further projected at 3.9% in CY23 and 4.2% in CY24. This expected improvement in GDP growth in CY24 is on account of anticipation of gradual recovery.

In China, growth is expected to pick up to 5.2% with the full reopening in CY23. Whereas, India's GDP projection for CY23 and CY24 stand at 5.9% and 6.3%, respectively with resilient domestic demand despite external headwinds.

#### Policy Priorities

**Ensuring a durable fall in inflation:** With inflation still well above targets for most economies, the priority remains reducing inflation and ensuring that expectations stay anchored while containing financial market strains and minimizing the risk of further turbulence.

**Safeguarding financial stability:** Minimizing financial stability risks will require careful monitoring of risks, managing market strains, and strengthening oversight. This includes proactively employing the IMF's precautionary financial arrangements and focusing aid from the international community on low-income countries facing shocks, including through the rechanneling of special drawing rights and support from the Poverty Reduction and Growth Trust and the Resilience and Sustainability Trust.



Normalizing fiscal policy: As deficits and debts remain above pre-pandemic levels, fiscal efforts will be warranted in 2023. Fiscal policymakers should support monetary policy in getting inflation back to target.

Supporting the vulnerable: The surge in global energy and food prices in 2022 triggered a cost-of-living crisis in many countries, especially low-income countries, many of which are still suffering from food insecurity. Governments acted swiftly to extend support to households and firms, which helped cushion the effects on growth. Broad-based measures are costly and should be replaced by more targeted approaches.

Improving food security everywhere: Trade restrictions on food and fertilizers run the risk of pushing a large share of the global population into food insecurity. Restrictions on exports of food and fertilizers—particularly those most recently imposed—should be lifted to safeguard food supplies and their distribution globally.

Restoring debt sustainability: With lower growth and higher borrowing costs, public debt ratios are becoming unsustainable in many countries. Actions must be taken to put them on a credible downward path. For economies at high risk of debt distress, fiscal consolidation and structural reforms to create sound policy frameworks and revitalize growth remain the fundamental solution to sustainable debt.

Reinforcing supply: Well-designed supply-side policies could help address structural factors impeding medium-term growth and recoup some of the output losses accumulated since the pandemic. Policy actions could include structural reforms to reduce harmful market power and rent-seeking behavior as well as overly rigid regulation and planning processes. They could also involve stimulating investment in infrastructure improvements and productive digitalization initiatives and enhancing access to and quality of education.

Containing pandemic risks: Authorities should remain vigilant to the risks of a reemergence of the COVID-19 virus and new pandemics and their potential impacts on the global economy. This includes coordinated efforts to boost access to vaccines and medicines where immunity is low and greater public support for vaccine development and systematic responses to future epidemics.

Strengthening multilateral cooperation: Strengthening the multilateral trading system would help reduce the risks to growth and resilience from such fragmentation by providing fair and predictable rules for exchange. To achieve such strengthening, WTO rules in critical areas such as agricultural and industrial subsidies must be upgraded, new WTO-based agreements implemented, and the WTO dispute settlement system fully restored.

Speeding up the green transition: Progress in emission reductions needed to contain global warming at 2°C or less remains inadequate. International coordination on carbon pricing or equivalent policies would facilitate a faster decarbonization in a cost-efficient way. With declining investment in fossil fuels, a concerted push on alternative clean energy investment could help ensure sufficient energy supplies and achieve the needed decarbonization. This could be achieved through investment incentives for green materials and electricity grid upgrades, easing of permitting processes for renewables, and support for research and development, among other efforts.

(Source: International Monetary Fund | April 2023)

## INDIAN ECONOMIC OVERVIEW

The Indian economy exhibited robust resilience in 2022-23 amidst a global turmoil following the war in Ukraine, and recorded a growth of 7.0 per cent, the highest among major economies in the world. Barring the Omicron wave scare early in the year 2022, COVID-19 was largely on the ebb for most part of the year helping in restoration of consumer and business confidence. Contact-intensive activity gradually resuscitated during the year and the release of pent-up demand bolstered domestic activity. Sound macroeconomic fundamentals, a resilient financial system reflected in healthy balance sheets of banks and non-banking financial companies (NBFCs), and a deleveraged corporate sector imparted resilience to counter the adverse global spillovers.

Headline CPI inflation, which was projected by the Reserve Bank before the war started in Ukraine to moderate to 4.5 per cent in 2022-23, surged to 6.7 per cent. The elevation in price pressures was broad based and sticky, exceeding the upper tolerance level of the inflation target in several months of the year. The Reserve Bank raised the policy repo rate cumulatively by 250 basis points (bps) and changed the monetary policy stance to withdrawal of accommodation, prioritising price stability while remaining mindful of growth. In view of the dominance of supply side factors in shaping the inflation trajectory, the government introduced several targeted item specific anti-inflationary measures. Fiscal policy demonstrated a commitment to consolidation while directing public expenditure towards a large increase in growth-supportive capex. Capital formation emerged as a lead driver of growth during 2022-23.

Domestic economic activity does face challenges from an uninspiring global outlook going forward, but resilient domestic macroeconomic and financial conditions, expected dividends from past reforms and new growth opportunities from global geo-economic shifts place India at an advantageous position. Taking into account softer global commodity and food prices, good rabi crop prospects, sustained buoyancy in contact-intensive services, the government's continued thrust on capex, higher capacity utilisation in manufacturing, double digit credit growth, receding drag on purchasing power from high inflation and rising optimism among businesses and consumers, real GDP growth for 2023-24 is projected at 6.5 per cent with risks evenly balanced.

**Table 1: RBI's GDP Growth Outlook (Y-o-Y %)**

FY24 (complete year)	Q1FY24	Q2FY24	Q3FY24	Q4FY24
6.5	8.0	6.5	6.0	5.7

### **Industry and Services sector leading the recovery charge**

**Agriculture sector:** Agriculture and allied sector growth moderated marginally in 2022-23, for the third consecutive year. The GVA of the sector grew by 3.3 per cent during 2022-23 on record production of foodgrains (including rice, wheat, maize, barley and pulses), sugarcane and rapeseed and mustard. The sector's buoyancy during the year was generally supported by normal cumulative south-west monsoon (SWM) rainfall - despite its uneven distribution over time and across regions, and delayed withdrawal - and normal north-east monsoon rains.

Going forward, rising bank credit to the sector, increased exports and higher sowing of rabi crop will be the drivers for agriculture sector. However, performance of the sector will depend on the spatial and temporal distribution of rainfall. A downside risk exists in case the intensity of El Nino is significantly strong.

**Industrial sector :** During 2022-23, the industrial sector's growth moderated amidst lingering global uncertainties. The organised manufacturing sector which benefitted from the lower base as well as softer raw material costs during 2021-22 faced the brunt of rising raw material costs in H1:2022- 23. The supply chain bottlenecks following the war in Ukraine coupled with elevated raw material costs, impacted the profitability of manufacturing companies. While increased sales in Q1:2022-23 cushioned the hike in raw material costs, the global

slowdown impacted sales in Q2:2022-23 adversely, resulting in profit diminishing at an accelerated pace. In Q3:2022- 23, a moderation in input costs could only contain the decline in profits to some extent.

Industrial output measured by the index of industrial production (IIP) expanded by 5.1 per cent during 2022-23 as compared to 11.4 per cent last year. Manufacturing sector, which accounts for three-fourths of the industrial sector largely shaped the industrial sector recovery. The micro, small and medium enterprises (MSMEs) segment, which contributes about 29 per cent of India's GDP and employs over 11 crore workers, recorded a modest recovery. The revenue for the MSME sector is projected to exceed the pre-COVID level in 2022-23 by 25 per cent.<sup>4</sup> With 99.8 per cent of MSMEs being unregistered, they account for a sizeable share of the unorganised sector output and employment [National Sample Survey Organisation (NSSO), 2015-16]. Various policy measures were introduced to support the sector from the onslaught of the COVID-19 pandemic, including the Emergency Credit Line Guarantee Scheme (ECLGS), which aimed at meeting their liquidity needs for sustaining business operations. As per the assessment of the Credit Information Bureau (India) Limited (CIBIL), the scheme assisted MSME borrowers in managing their businesses better with lower non-performing assets (NPAs) for borrowers availing the facility as compared to borrowers who were eligible but did not avail of it (across all categories of micro, small and medium industries). Overall, industrial sector is valued at Rs. 45.2 trillion registering 4.4% growth in FY23.

**Services sector :** Services sector, which being contactintensive faced the major brunt of COVID-19 pandemic, revived strongly in 2022-23. The high frequency indicators of services sector indicated strong growth in Q1:2022-23 supported by low base, but the momentum moderated in Q2 and Q3. In Q4:2022-23, three-wheeler sales, air passenger traffic and GST E-way bills improved while sales of passenger vehicles and construction sector moderated. Among sectors, construction, domestic trade and transport surpassed their pre-pandemic levels, while aviation, tourism and hospitality sectors, though recovering, are yet to reach the respective pre-pandemic levels. Overall, benefitting from the pent-up demand, service sector was valued at Rs. 20.6 trillion and registered growth of 9.5% y-o-y in FY23. Healthy growth in various service sector indicators like air passenger traffic, port cargo traffic, GST collections and retail credit is expected to support service sector going ahead.

**Conclusion:** Despite the global growth uncertainties, Indian economy is relatively better placed. The major headwinds to economic growth are escalating geopolitical tensions, volatility in global commodity prices and shortages of key inputs. However, the bright spots for the economy are continued healthy domestic demand, support from government towards capital expenditure, moderating inflation and improving business confidence. Various high-frequency growth indicators including purchasing managers index, auto sales, bank credit, GST collections have shown improvement in the FY23. Moreover, normalizing employment situation after the opening up of economy is expected to improve and provide support to consumption expenditure.

The IMD forecasts a normal monsoon despite El Nino which bodes well for the agricultural sector's outlook however, a lot will depend on the spatial and temporal distribution of rainfall. A downside risk exists in case the intensity of El Nino is significantly strong.

Public investment is expected to exhibit healthy growth as the government has budgeted for strong capital expenditure in FY24. Private sector's intent to invest is also showing improvement as per the data announced on new project investments. However, the volatility in commodity prices and the economic uncertainties emanating from global turbulence may slow down the improvement in private capex and investment cycle.

Among sectors, the industrial segment is expected to be perform better as the input costs are now moderating. With flagship programmes like 'Make in India' and the PLI schemes, the government is continuing to provide the necessary support to boost the industrial sector. Service sector is expected to see continued growth in FY24 with healthy economic growth.

*(Source: RBI, Ministry of Statistics and Program Implementation)*

## INDUSTRY : QUICK SERVICE RESTAURANT

### Market overview

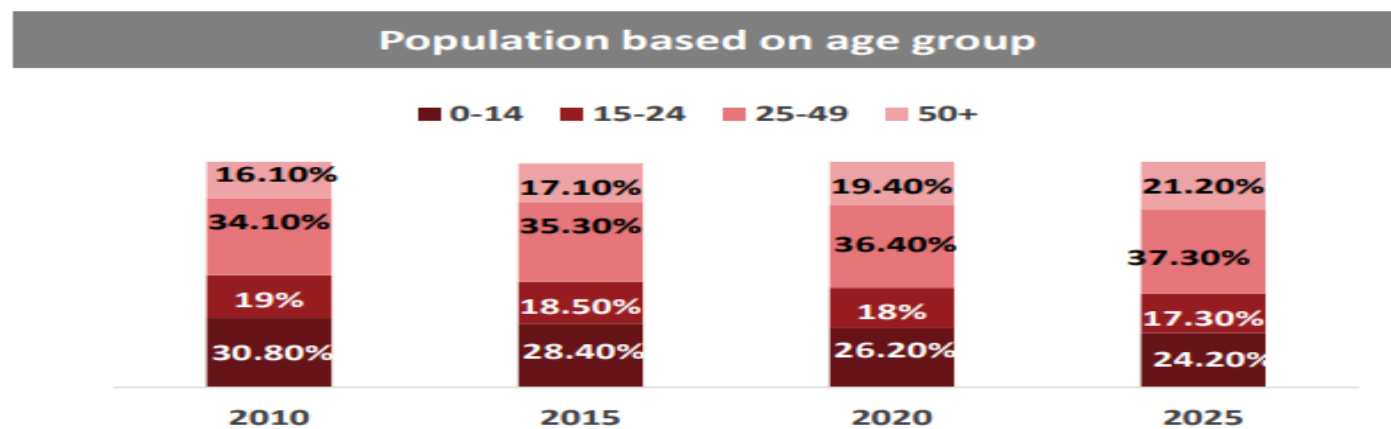
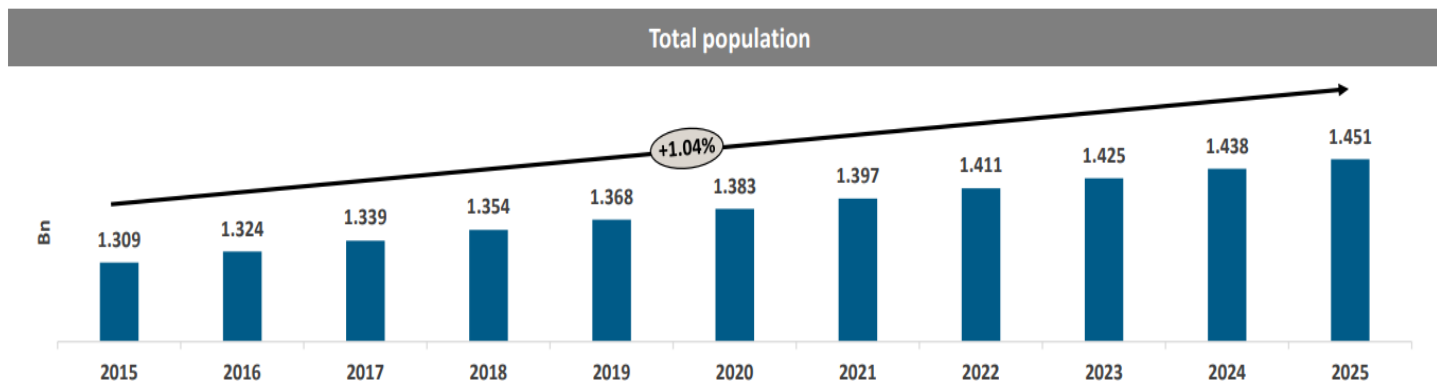
The global QSR market was valued at INR 25.05 Trn in FY 2022. It is expected to reach INR 54.53 Trn by FY 2027, expanding at a CAGR of ~17.41% during the FY 2023 — FY 2027 forecast period. The requirement for a wide variety of fast-food items and the growth of the market both contribute to the quick-service restaurants market's expansion globally. The QSR market in India was valued at INR 171.90 Bn in FY 2022. It is expected to reach INR 431.27 Bn in FY 2027, expanding at a CAGR of ~20.47% during the FY 2022 — FY 2027 forecast period. The current decade is overseeing a shift to a larger organized sector. Customer retention and a higher range and depth of offerings are new goals among the organized market players of QSR.

### Major drivers of Indian Food Industry

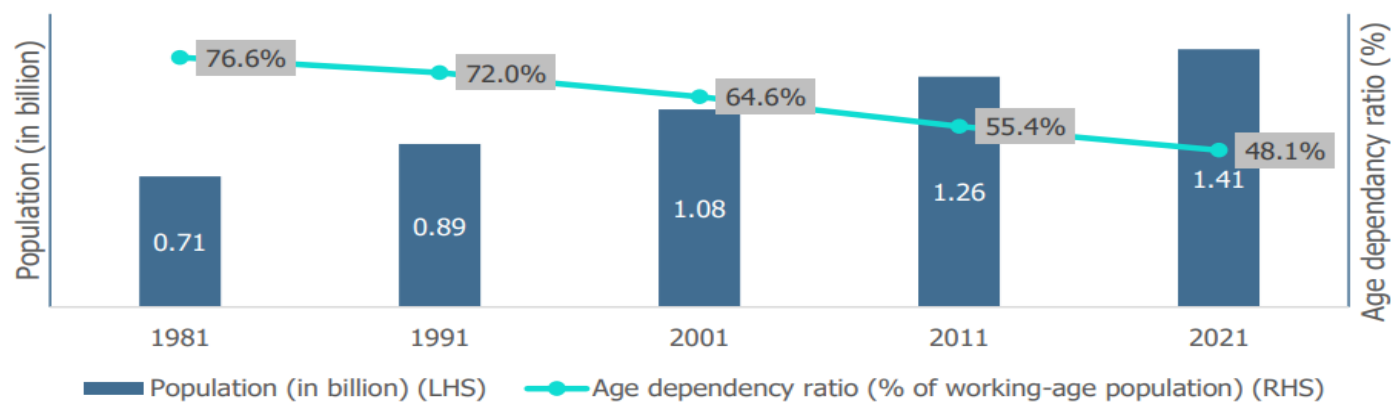
#### (a) Demographics

The size and age of workforce of India will play a significant role in its economic growth in the coming years. Share of India's working age population to total population will reach its highest level at 68.9% by 2030. By the year 2030, India's dependency ratio is projected to reach its lowest point at 31.2%. With a relatively young population (median age of 28.4 years), India not only gets a competitive advantage in terms of workforce but also an opportunity to unleash the consumption power of a young population.

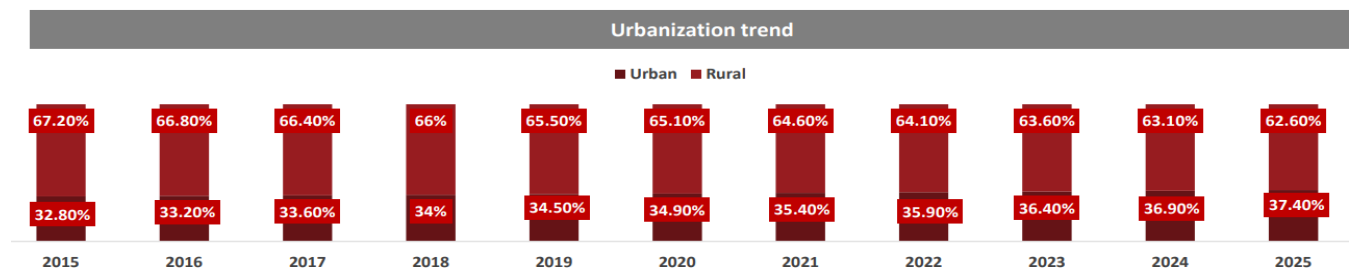
By 2025, approximately 25% of the population will be below 14 years and ~54% between the age of 15 to 49 years. This young population not only reinforces India's competitive advantage in the services and manufacturing sectors, but also unleashes the consumption power of a young population towards discretionary expenditure.



Trend of Population vis-à-vis dependency ratio

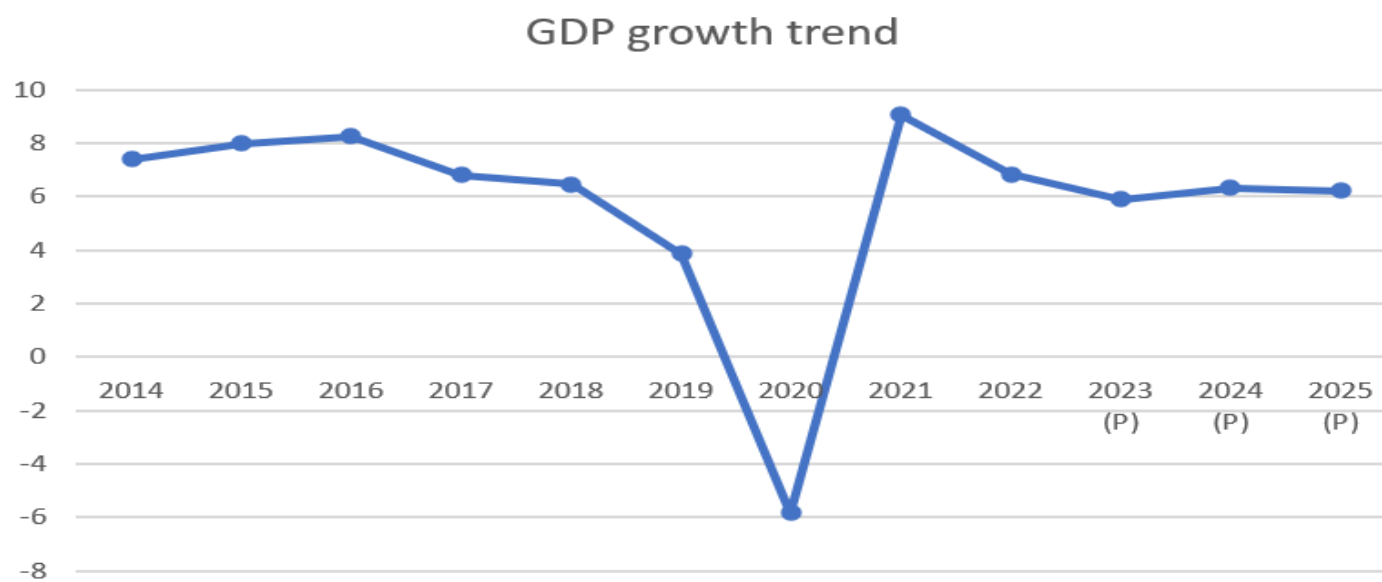


India has the second largest urban population in the world in absolute terms. The implementation of a “smart city” initiative by the Indian government aimed at the creation of new urban clusters is expected to accelerate urban development in India. Currently, urban populations contribute 63% of India’s GDP. It is estimated that 37% of India’s population will be living in urban centers by financial year 2025, and the urban population is expected to contribute 75% of India’s GDP in financial year 2030.



**(b) Economic growth**

GDP registered an average growth of over 6.5% in the last 5 years, i.e. between FY18 and FY22 (excluding COVID impact year of 2020). India bears good tidings for becoming USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices for India, the GDP is estimated to be at USD 3.4 trillion for CY22 and projected to reach USD 4.2 trillion by CY25.



(source: International Monetary Fund, World Economic Outlook Database, April 2023)

**(c) Rising Income levels and growing per capita expenditure**

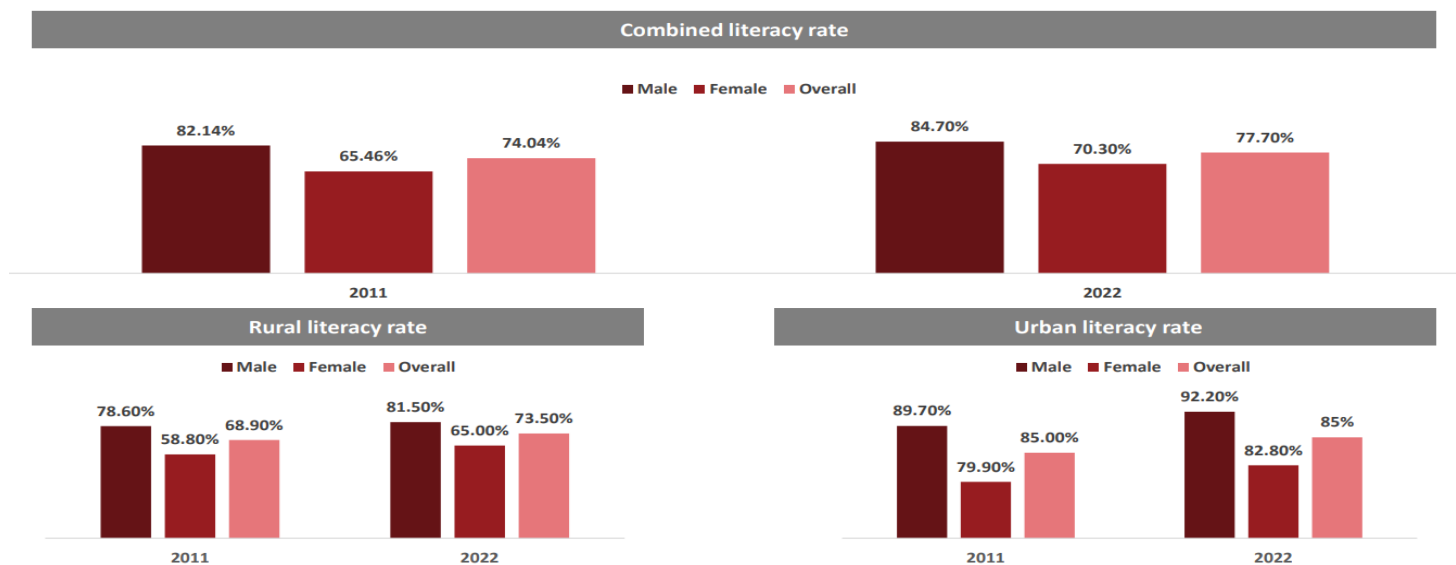
In the last decade, Indian economy has progressed rapidly. Correspondingly, India’s per capita GDP has gone up from Rs 107,341 in FY16 to Rs 172,913 in FY22 at a CAGR of 8.2% fuelling a consumption boom in the country. Also, the per capita private final consumption expenditure too rose from Rs 63,339 in FY16 to Rs 102,992 in FY22 at a CAGR of 8.4%. The growth in country’s per capita GDP in turn has increased the disposable income of the populace ultimately driving the country’s consumption.

**(d) Digital transformation and contactless payments**

A special focus and consistent backing of the GoI over the last decade in creating India’s uniquely scalable Digital Public Infrastructure has borne fruit, yielding economic benefits and growth of innovation and entrepreneurship. Riding on the Stack and the wide-scale adoption of Unified Payments Interface (UPI) by 260m unique users, India today accounts for the highest volume of real-time digital payments among businesses globally, with a share of over 40% of all such transactions. Open Network of Digital Commerce (ONDC) is another platform which can be transformative as it will onboard micro, small and medium enterprises and small traders on a single platform, thereby giving more choice and access to a variety of products to customers and open e-commerce to buyers and sellers of all sizes.

The growing use of digital wallets and contactless payment systems has resulted in an increased spending amongst the consumers. Tap-to-pay and digital wallet payment options (GooglePay, PhonePe, Paytm) allow customers to receive coupons and instant cashback by simply tapping or scanning a QR near a payment terminal. The incentives such as cash-back offer or discounts have lured the Indian consumer to experience the pleasure of ‘cashless spending’.

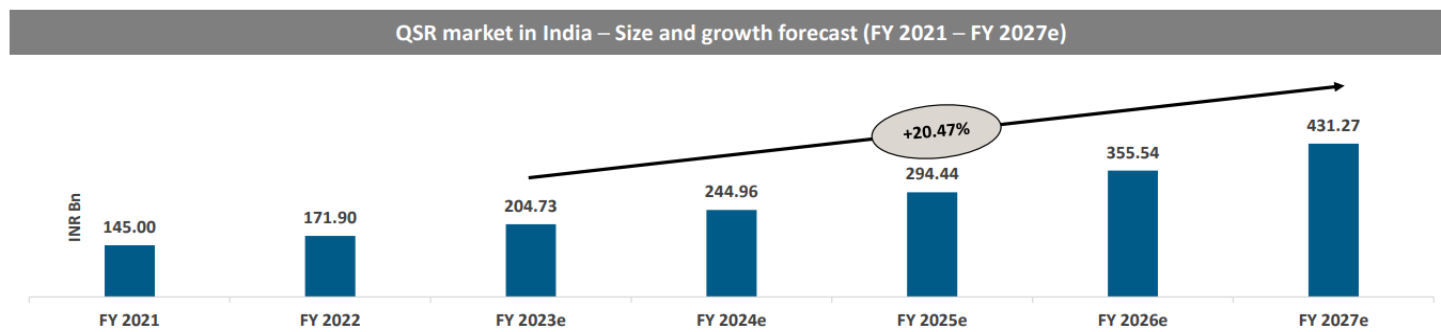
**(e) Growing female working population**



On the backdrop of growing Indian economy during the recent years, the participation of female workforce in the country’s economic activities has increased. Improvement in literacy metrics specifically in rural segment is seen as a catalyst for improvement of share of women in the country’s workforce.








The higher purchasing power in the hands of ‘working-women class’ is expected to have a broad impact on societal factors and economic independence for women. This increase of women in the workforce has seen a shift in household activity, including a downward trend in home-cooked meals and an increase in demand for out-of-home meals from households with working couples enhances the ability of the former to spend much more comparatively.

## QSR Market in India



- The QSR market in India was valued at INR 171.90 Bn in FY 2022. It is expected to reach INR 431.27 Bn in FY 2027, expanding at a CAGR of ~20.47% during the FY 2022 – FY 2027 forecast period.
- The QSR industry in India is classified into two segments, organized and unorganized, based on the following three key parameters: (i) accounting transparency, (ii) organized operations with quality control and sourcing norms, and (iii) outlet penetration
- The organized standalone market share in the total QSR market has increased to 29% in 2022 from 24% in 2017, as increasing disposable incomes have encouraged owners and entrepreneurs to open such organized outlets.
- The current decade is overseeing a shift to a larger organized sector. Customer retention and a higher range and depth of offerings are new goals among organized market players of QSR
- This phase witnessed a sharper segmentation within the different formats based on consumer needs and offerings by the brands e.g., within QSRs, there is a clear differentiation between pizza chains and burger chains; within CDRs, a further segmentation was observed as premium and value-based CDRs, based on attributes like ambiance, service style, and cuisines, etc.
- This phase has also seen the birth of food technology, which is estimated to be growing at almost 15-20% per year
- Major quick food-service chains, such as McDonald's, Burger King, and Domino's, among others, are deepening their reach in India's smaller cities and benefiting from a younger demography, thereby further aiding the growth of the market.
- The QSR segment will see its next big growth come from consumers in tier II and tier III cities. Annual spends on eating out at QSR chains in non-metros are expected to surge 150% to INR 3,750/- per household over the next three years.

### Some of the newer brands in the Indian market have started their expansion plans in recent months

Brand	Core food category	Commentary
	Burger	At the time of launching its IPO, BKIL announced that it will be opening at least 700 restaurants by the end of December 2026.
	Burger	Wendy's, launched in India in May 2015, announced in December 2021 that it has struck a deal with Rebel Foods to launch 250 cloud kitchens across India.
	Fried chicken	JUBI has entered into an exclusive Master Franchise and Development Agreement with PLK APAC Pte. Ltd., a subsidiary of Restaurant Brands International Inc, to develop, establish, own and operate, and sub-license Popeyes Restaurants in India and a few other neighboring countries
	Fried chicken	KFC increased its restaurant count from 450 to 480 restaurants since the onset of the pandemic. The company expects to add more than 30 outlets by the end of FY 2023
	Burger	At the start of the year, Wat-a-Burger announced plans to accelerate its expansion in Maharashtra & Karnataka in FY 2022 and add 40 new outlets to its existing network of 60 outlets. Other targeted states include Bihar, Telangana, and Tamil Nadu
	Burger	In addition to its 35+ outlets spread across India & ~4 cloud kitchens in Gujarat, Burger Singh aims to add over 45 outlets in Gujarat and 12 outlets in Punjab by the end of FY 2022
	Vada Pav/ Burger	From the current +110 stores, the brand aims to reach 1,000 stores in the next five to seven years

Major QSR brands are well entrenched in smaller cities with decent headroom to grow further

Brand	Total outlet count	Mega metros (%)	Mini metros (%)	Tier I cities (%)	Tier II cities and other (%)
Domino's	1,354	25	32	20	23
Subway	541	37	43	12	8
McDonald's	481	36	35	17	12
KFC	454	19	37	21	23
Wow! Momo	317	29	59	6	6
Burger King	261	41	26	11	23
Jumbo King	131	83	11	6	NA
La Pino'z	134	27	21	33	19
Haldiram	80	79	9	7	5
Bikanervala	82	61	9	14	16
Smokin Joe's	50	58	20	4	18
Taco Bell	57	32	54	12	2
Street food by Punjab Grill	41	47	34	12	7

Revenues of leading QSR chains demonstrate strong growth

(INR Bn)

Company	FY2019	FY2020	FY2021	FY2022	FY2023	CAGR
Jubilant Foodworks Limited	35.63	39.27	33.12	43.96	51.58	9.7%
Restaurant Brands Asia Limited	6.33	8.41	10.04	14.90	20.54	34.2%
Sapphire Foods India Limited	11.94	13.40	10.20	17.22	22.66	17.4%

Conclusion

QSR is more of a macro story play with India's fast changing ecosystem (internet, mobile, young population, large population, rising hygiene preferences, etc.) driving penetration. India's food consumption landscape is moving on to the next stage of evolution, driven by rapid urbanization, a rise in disposable incomes, changing consumption habits, a large millennial population (aged 15-34 years), less time to make food, preference for branded players, etc. The millennial population of India (~34% of the total population), being a key driver of the food services industry's growth, has become more discerning in its consumption habits, both in terms of the frequency at which they eat or order from outside as well as the variety they seek. Major QSR players have positioned their respective brands to target this large and growing millennial population in India by connecting with them through its value leadership, strong entry menu at attractive price points, and advertising & marketing campaigns. Given the long-term prospects of the QSR segment, all supporting businesses including OEM players and outsourced vendor firms producing ready to eat products will reap the benefits of the long-term story that is developing in this sector.

(Source: RBI, Netscribes, IMF and Public market references)



## OUR BUSINESS

Founded in 1999, Chatha Foods Limited (CFL) is one of India's recognised frozen food processor, serving top QSRs (Quick Serving Restaurants), CDRs (Casual Dining Restaurants), and other players in the HoReCa (Hotel-Restaurant-Catering) segment. As such, we are deeply connected with the Indian food services/dining out industry and this accounted for 96.00% of our revenue in Financial Year 2023. For Financial Year 2023 Domino's India franchise accounted for 51.53%, Subway's India franchise accounted for 31.16%, Café Coffee Day accounted for 1.40%, Chili's & Pauls India accounted for 1.64%, Wok express accounted for 1.91%, Burger Singh accounted for 0.58% of our revenue in Financial Year 2023. In addition, our brands, which sells under "Chatha Foods" are distributed through our network of 29 distributors covering 32 cities across India and catering to the needs of 126 mid segment & standalone small QSR brands.

We seek to differentiate ourselves from our competitors through introduction of new products, including launching innovative flavours targeted at addressing diversified consumer tastes, market trends and providing products which are value for money to the consumers.

All our products are produced at our manufacturing facility, located in District Mohali, with a production capacity of approximately 7,839 MT for all our frozen food products, over 2 shifts on an annual basis. This enables us to have an effective control over the manufacturing process and to ensure consistent quality of our products. Our commitment to quality is demonstrated through our attainment of various certifications and accreditations, including those from the U.S. Food and Drugs Administration, British Retail Consortium (BRC - Issue 9), Halal Certification and Export Inspection Council.

Reputed Indian public market investor Negen Undiscovered Value Fund invested in our Company in 2023 and holds 10% stake. Gurcharan Singh Gosal and Gurpreet Chatha being amongst the Promoters of our Company have recently increased their shareholding in our Company to 25.03% and 21.00% respectively in 2023 on the back of our Company's Managing Director and one of the promoters, Paramjit Singh Chatha's efforts which have contributed immensely to the growth of our business and the establishment of strong customer relations despite the setback caused by COVID-19 to our business.

Our business model is based on the following approaches.

- (a) **Concept Manufacturing:** CFL owns the product formula made for all brands and ensures that customers are provided with complete turnkey solutions. Based on extensive research and testing methods, CFL offers customisable options at competitive prices. The Company utilises its skilled team of food technologists & product designers in conceptualising the products' unique brand identity.
- (b) **Concept Sharing Manufacturing:** Our customers share the product formula and ideas and work with us to develop products suitable for the customers' brands.
- (c) **Own Brands:** We sell our own brand products through our distribution network across industry comprising of mid segment & standalone QSR brands.

With the support of our dedicated team, we have successfully developed an efficient business model that emphasizes strict control over key processes, including raw ingredient procurement, manufacturing operations, inventory management of our extensive product range and SKUs, as well as the smooth management of distribution logistics throughout India. Furthermore, our information technology system seamlessly integrates all aspects of our operations, from manufacturing and logistics to transportation, inventory management, invoicing, and cost management. This enables us to make timely, effective, and informed decisions that contribute to the overall success of our business.

### Our diversified product portfolio includes three categories:

- (a) **Non-Vegetarian:** We manufacture and sell non-vegetarian products such as pizza toppings, sandwich fillings, burger patties, snacks and more to leading QSR's, CDR's and other HoReCa segment players.
- (b) **Vegetarian:** We manufacture and sell vegetarian products such as pizza toppings, sandwich fillings, burger patties, taco fillings to leading QSR's, CDR's and other HoReCa segment players. We ventured into vegetarian products in the year 2022.
- (c) **Plant-Based:** We manufacture and sell plant-based products such as plant-based sausages, salami, pepperoni; Indian snacks like kebabs, tikkas & samosas; plant-based nuggets & burger patties, grilled burger patties to certain QSRs, CDRs and other HoReCa segment players. Additionally, we supply our products to larger conglomerates and other companies under their own brand names, including Bluetribe (Alkem Group), Shaka Harry (Liberate Foods), Green Bird (Continental Coffee), Plantaway (Graviss Group), and many others. We ventured into plant-based mock meat products in the year 2021.

Our promoters are Paramjit Singh Chatha, Gurcharan Singh Gosal, Gurpreet Chatha and Anmoldeep Singh. Paramjit Singh Chatha aged 55 years, the Managing Director of the Company and a member of the Promoter Category, has founded the Company. He was appointed the Managing Director of our Company, w.e.f. April 01, 1998. He has been actively involved in business planning, strategy development and expansion activities since the inception of our Company. He has an experience of 25 years and has been instrumental in expanding the operations of our Company. His leadership has contributed to the growth of our business and the establishment of long term relationships with our customers. As the Managing Director, Paramjit Sinch Chatha is responsible for developing and maintaining the company's vision, mission statement, and strategic plan. He reviews financial statements and other reports to evaluate the Company's performance. Furthermore, he identifies new opportunities for revenue growth, such as the introduction of new products, new customers and new businesses. He effectively communicates with employees to ensure they understand the Company's goals, objectives, and policies. Additionally, he evaluates new technologies and business practices to assess their potential impact on the Company's operations and effective marketing strategy to promote the products offered by the Company.

We were originally incorporated as a public limited company under the Companies Act, 1956 in the name of "Chatha Foods Limited" pursuant to certificate of incorporation dated October 8, 1997 issued by the Registrar of Companies Punjab, H.P & Chandigarh. Thereafter we were converted into a private limited company under name "Chatha Foods Private Limited" vide MCA order dated June 16, 2003. Subsequently, our Company was converted into public limited company pursuant to special resolution passed in the EGM held on August 22, 2023 and consequently, the name of our Company was changed to "Chatha Foods Limited" and a fresh certificate of incorporation consequent upon conversion from private company to public company was issued by Registrar of Companies, Chandigarh on September 8, 2023.

### KEY PERFORMANCE INDICATORS OF OUR COMPANY

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
No. of SKU's	204	150	134

	<i>Non – vegetarian</i>	150	125	134
	<i>Vegetarian</i>	5	0	0
	<i>Plant based</i>	49	25	0
No. of customers		33	22	23
No. of Employees		284	255	235
Total revenues [in INR Lakhs]		11,724.23	8,740.31	6,119.03
EBITDA [in INR Lakhs]		708.94	445.81	(203.50)
EBITDA (%)		6.05%	5.10%	(3.33%)
PAT [in INR Lakhs]		245.20	67.24	(400.35)
PAT (%)		2.09%	0.77%	(6.54%)
Net Worth [in INR Lakhs]		2,175.11	1,929.93	1,862.68
Debt Service Coverage Ratio		1.98	1.33	(0.24)
Return on Net Worth (%)		11.95%	3.55%	(19.41%)
Return on Capital Employed (%)		13.43%	6.11%	(15.85%)
Current Ratio (Times)		0.83	0.67	0.70
Cash Conversion Cycle (Days)		22.94	16.76	12.51

Particulars	Description
No. of SKU's	Calculated as total SKUs developed by the Company either through concept manufacturing or concept sharing manufacturing approaches.
No. of customers	Calculated as total clients to whom we are providing serving
No. of Employees	Calculated as total employees employed in the business
Total Revenue	Revenue from operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of the Company and size of our business.
EBITDA	EBITDA provides a comprehensive view of our financial health as it considers all sources of our income.
EBITDA (%)	EBITDA margin (%) is financial ratio that measures our profitability as a percentage of its total revenue.
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT (%)	PAT margin is an indicator of the overall profitability and financial performance of our business.
Net Worth	Net worth represents the shareholders funds invested in the business.
Debt Service Coverage Ratio	Calculated as the sum of profit before tax, depreciation and amortization expense and finance cost divided by the sum of lease payments, principal repayments of secured and unsecured loans, and finance cost related to borrowings
Return on Net Worth	Return on networth (%) is an indicator of our efficiency as it measures our profitability. It represents how efficiently we generate profits from our shareholders funds.
Return on Capital Employed	Return on capital employed refers to a financial ratio that can be used to assess a company's profitability and capital efficiency.
Current Ratio	It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
Cash Conversion Cycle	Cash conversion cycle is a metric expressing how many days it takes a company to convert the cash it spends on inventory back into cash by selling its product

## OUR LOCATIONS

We currently operate from the following locations:

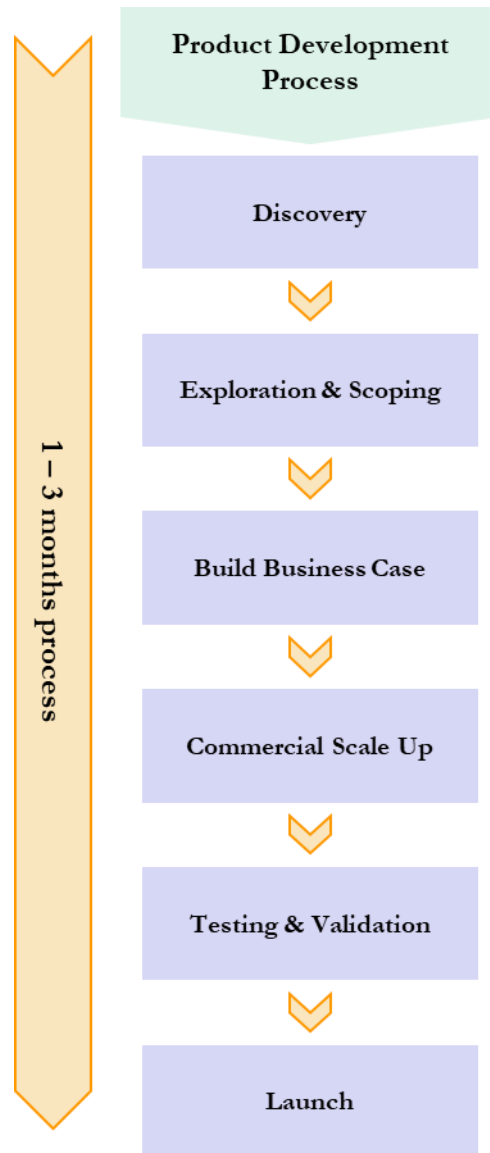
<b>Registered Office</b>	272, Mota Singh Nagar, Jalandhar Punjab.
<b>Factory and Corporate Office</b>	Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India

## OUR BUSINESS PROCESSES

### (a) Product Development Process:

Our product development process typically takes 1 to 3 months and is meticulously designed to ensure that the products we supply to our customers achieve both premium quality and delectable taste. The following is a high-level overview of our process for reference:

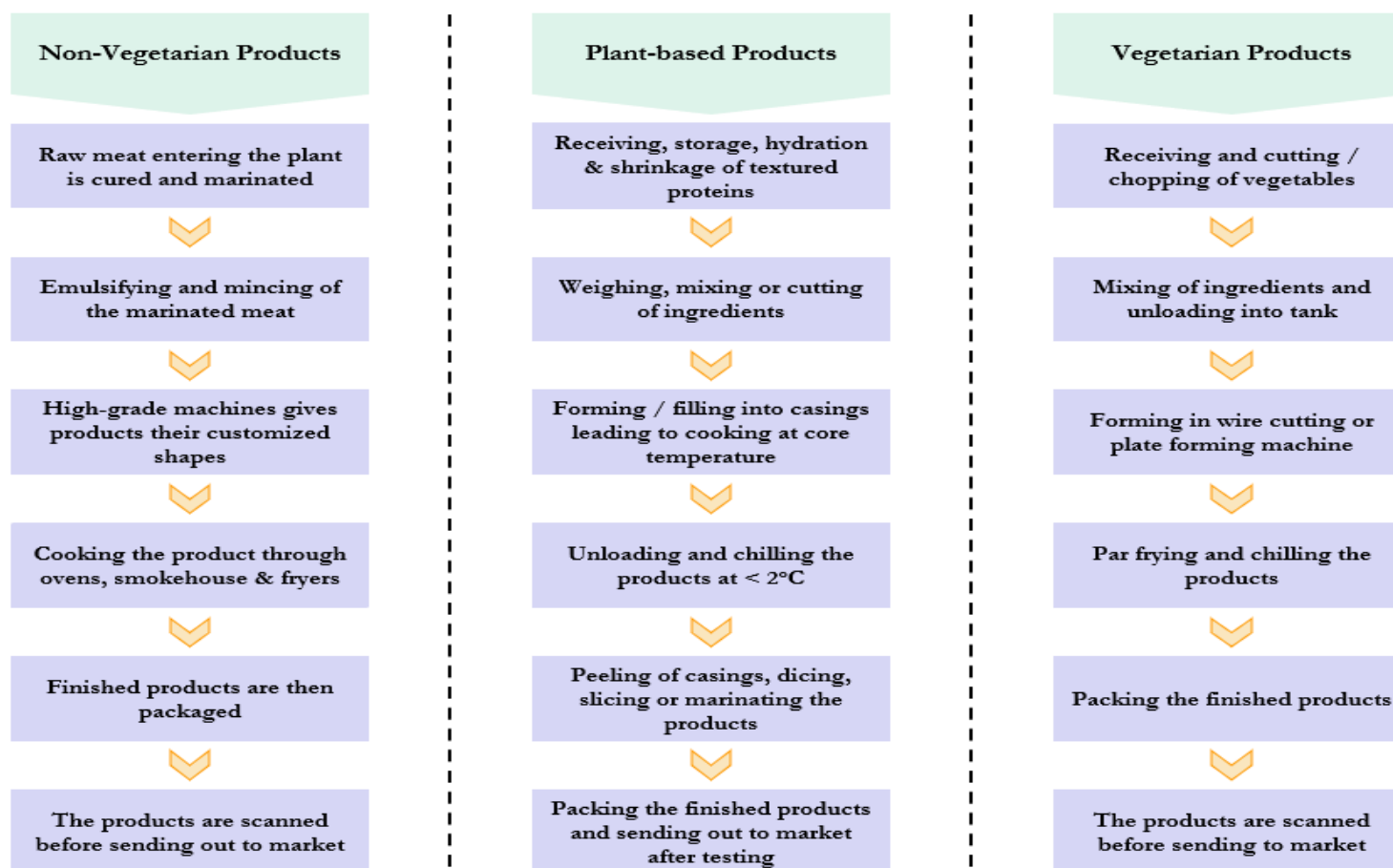




- i. **Discovery:** Innovating new products in terms of their concept, utility, and/or flavours
- ii. **Exploration & Scoping:** Assessing the prevailing market trends, considering what fresh offerings we can introduce, taking into account consumer preferences
- iii. **Business Case:** Evaluating the strategic landscape within the market and our manufacturing facility capacity
- iv. **Commercial Scale-up:** Increasing production to a batch size of 25-50 kilograms for consumer testing
- v. **Testing & Validation:** Evaluating the outcomes of consumer testing to determine whether or not to proceed with the launch
- vi. **Launch:** Initiate the product launch following favourable outcomes from consumer testing

**(b) Production Process:**

The process flow below illustrates the complete life cycle of our products, from raw material sourcing to the production of finished goods, encompassing non-vegetarian, vegetarian, and plant-based offerings.



## IMPACT OF COVID ON OUR BUSINESS OPERATIONS

The outbreak of COVID-19 pandemic adversely affected the global economy. The World Health Organization declared the outbreak of COVID-19 as a public health emergency of international concern on January 30, 2020, and a pandemic on March 11, 2020. The Government of India announced a nation-wide lockdown on March 24, 2020, and imposed several restrictions.

During the nation-wide lockdown, our manufacturing facility was shut down for a period of around 60 days and given that we work with leading QSR's, CDR's and other HoReCa segment players whose operations and stores were impacted during COVID, there was a significant adverse impact on our operations also. We strived to resume and stabilize our operations after making adequate arrangements to meet the government's requirement on sanitisation, and social distancing. Despite various restrictions being applicable during the nation-wide lockdown, there was no significant impact on our procurement of raw materials. Further, we did not lay-off any of our employees and workers and there have been no reductions in salaries and wages of our employees and workers due to the COVID-19 pandemic. However, post the pandemic, with the improvement in business outlook and growth of our QSR, CDR and other HoReCa customers, our sales and operations have significantly improved.

## OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

(a) **Strong Supply Chain and Input Sourcing for Quick Service Restaurants (QSR), Casual Dining Restaurants (CDR) and Other Outdoor Dining Options in India:**

Our customer/distributor base is the HoReCa segment players in India mainly the QSR and CDR segments.. Given that a customer's trust, loyalty and affiliation for QSRs, CDRs and other HoReCa segment is a key driver for their brand value and perception, they are very selective and cautious about the vendors they engage with. We believe in constantly addressing the customer needs for variety of our products. Our existing relationships help us to get repeat business from our customers. This has helped us to maintain a long term working relationship with our customers and improve our customer retention strategy. We have strong existing client relationships which generates multiple repeat orders. We believe that our existing relationship with our clients represents a competitive advantage in gaining new clients and increasing our business. We believe that existing relationships is our core competitive strength. Our capabilities in product quality, safety, service, new product development, and technical know-how have earned us the trust and confidence of QSRs and CDRs segment players whom have engaged us. Leveraging our support, strength and capabilities, our customers frequently utilize our facilities to trial and assess new products for launch, considering aspects such as quality, stability, and costing. This collaborative process not only provides us with early insights into potential future products but also strengthens and solidifies our relationships with our valued customers.

(b) **Strong entry barriers in the industry we operate in:**

Success of QSRs, CDRs and other HoReCa segment players is highly reliant on the quality, consistency, taste and predictability of food products and hence they exercise a high degree of caution, filtering and multiple checks and audits at the time of selection and post selection on an on-going basis. Setting up and managing manufacturing plants and supply chains requires significant upfront and continuous investment of capital and the same does not guarantee success. Our history of successfully partnering with our customers, combined with our track record that strengthens with each passing day, serves as a competitive advantage, acting as a moat against potential new entrants in the industry. Additionally, this fosters visibility, repeatability, and loyalty among our customers, further solidifying and strengthening our business.

(c) **Timely Supply of Quality Products Repeatedly is Key for QSR, CDR and Other Outdoor Dining Options in India:**

Timeliness of supplies is a key factor for QSRs, CDRs and other HoReCa segment players and we have over the years established a strong supply chain to ensure that we help our customers deliver their brand promise to their consumers. Moreover, establishing an efficient supply chain capable of timely delivery also requires immense operational and category expertise and understanding which

is developed over time. Not only is it difficult for new entrants to be able to develop this skill but also QSRs, CDRs and other HoReCa segment players are unlikely to entrust new entrants with such aspects which are critical for their continued strong brand perception. Furthermore, in collaboration with our logistics partners, who possess extensive distribution capabilities, we are able to deliver our products to every corner of the nation. This advantage gives us a competitive edge and aids us to achieve timely deliveries.

(d) **Broad Vendor Base is a Key Moat developed over the years with focussed efforts:**

Our adherence to GFSI certified BRC standards has been instrumental in establishing procedures for vendor qualification, allowing us to meticulously verify the consistency of ingredients with every consignment we receive. Furthermore, our purchase contracts allow us to establish annual agreements for raw material and packaging material costs, enabling us to maintain stable prices that are unaffected by fluctuations in the market rates. Our relationships with most of our suppliers is between 3 – 20 years old and are companies and brands having a global presence. Some of our suppliers include Sneha Farms, DS Spico, VKL, Kerry, Du-Pont/Connell bro's and Multivac. Our relationships with suppliers play a critical role in empowering our customers to maintain control over product quality, pricing, and the timely delivery of goods. This directly influences the brand perception of our customers among consumers, thereby bolstering our standing in the industry and fostering deeper connections with our valued customers.

(e) **In-house Manufacturing Plant Layout & Designing Capability as per the GFSI approved global foods safety standards:**

Considering we commenced our operations in the year 1997, we were amongst the first few businesses of our kind in the industry and since the overall HoReCa segment in India was in its new and early stage of development, access to engineers for designing and planning efficient plants customized for Indian operating conditions was a challenge. Making allowance for the same, our Promoters and team dedicated extensive effort to collaborate with existing and potential customers, adapting globally recognized practices to suit the Indian market. As a result, they formulated a flexible plant layout maximizing cost-effectiveness and production capacity efficiency. Over the years, as the business matured, volumes increased and product capabilities expanded, numerous modifications and engineering aspects have been improvised or introduced directly by the Promoters and the team to ensure the best cost adjusted production outcomes. Even today there is a scarcity of professionals and industry specific engineers who can plan and design manufacturing plants for this industry in a cost-effective manner and hence this remains a key aspect of the success of the business.

(f) **Customers of Global Repute with Healthy Financials Obligated to Maximizing Shareholder Value:**

Most of our sales are to customers who are globally and domestically well recognized as strong brands in the QSR space. Moreover, most of our sales are to customers who are listed entities or having private equity investment and control and have well capitalized balance sheets. For example, our customer Jubilant Foodworks Limited has a net worth of INR 21,455 million as of March 31, 2023 and our customer Subway is owned by The Everstone Group which is a leading Private Equity firm. This advantageous customer base not only aligns our growth with theirs, but also ensures the implementation of the best corporate governance and operational excellence practices. The emphasis placed by our customers on enhancing brand value and maximizing shareholder returns has a profound and positive impact on our business growth and operations.

(g) **Quality Compliance, Control and Quality Standards:**

We are committed towards quality of our products. Our determination towards quality is demonstrated by well-defined quality and food safety procedures at various stages of our manufacturing process from procurement of raw material to distribution of our products. Owing to the expertise of our experienced and trained team forming part of our Food Safety Division, all our products are manufactured strictly as per the GFSI standards. With a team of qualified food technologists and microbiologists supervising each stage, we ensure that rigorous quality and safety standards are followed. Additionally, our facility is equipped with a laboratory for microbiological and physico-chemical analysis, validating our food safety management system. To continuously enhance our operations, we undergo regular compliance audits by our certification body (NSF International) and our customers, focusing on cleanliness, maintenance, and product safety & quality. Additionally, with an in-house internal audit team, we strive to meet the stringent standards set by our institutional customers and regulatory authorities. This dedication to quality has allowed us to cultivate enduring relationships with our valued customers.

(h) **High Quality Manufacturing Facility:**

We have incurred substantial capital expenditure in establishing and operating a modern manufacturing facility equipped with high-quality equipment sourced from Germany and Italy. Our comprehensive range of machinery includes mincers, bowl choppers, brine injectors and tumblers for marination. We also have high-capacity cooking combi ovens, forming, coating, and frying lines for customized products, a retort sterilizer for shelf-stable items, dicer and slicer machines, thermoforming machines for vacuum/MAP packaging, as well as metal detectors and precision weighing equipment from Ishida, complying with international standards. Our plant capacity and equipment calibre also allow us to cater to our customers volume requirements. We have obtained various food safety and quality certifications for our products and production facilities, such as FDA approval, Halal certification, GFSI approved BRC (9) certification, and Export Inspection Council certification. The facility is routinely subjected to audits by various agencies throughout the year; for instance, FSSAI & NSF International for FSMS-BRCGS audit the Company's facility once a year through different agencies even whilst customers audit the facilities at least once a year at different times of the year.

(i) **Experienced Promoter & Management Team who have recently increased their shareholding:**

We believe that, the experience and leadership of one of our Promoters, Paramjit Singh Chatha, is a key factor in our growth and development. Paramjit Singh Chatha has an experience of over 25 years strong background and extensive experience, knowledge and understanding of the industry in which we operate. He has been associated with us since the inception and is actively involved in the strategic decision making for our Company, pertaining to, financial operations, expansion activities, business development and management of overall business. We believe that his experience has helped us develop relationships with our vendors for the procurement of raw materials and our customers. He also provides strategic guidance to our Company, while also being involved in the day-to-day functioning of our business. Our Board and Senior Management have an extensive experience and deep understanding of our business. Key members of our Senior Management team including Kulbeer Walia, the Chief Accounting Officer of our Company (who has over 25 years of experience in Accounting & Finance), June Swer, the Strategic Business Head of our Company (who has over 16 years of experience in R&D, Food Safety Systems & Quality Compliance), Sandeep Bhardwaj, the Head - Procurement of our Company (who has over 20 years of experience in Procurements & Supply chain), Sohan Singh, the Head-HR of our Company (who has over 19 years of experience in Human Resources development) and Prashant Verma, the National Sales Head-GT of our Company, (who has over 20 years of experience in HoReCa & Retail sales), Vishal Singh Sirmauria, the Chief Financial Officer of our Company (who has over 9 years of experience in Finance & Accounting & Operations), who are dedicated to the growth of our business. We believe that our management team of qualified and experienced professionals enables us to identify new avenues

of growth and help us to implement our business strategies in an efficient manner and to continue to build on our track record of the past. Some of the promoters of our Company including Gurcharan Singh Gosal and Gurpreet Chatha have also recently increased their shareholding in the Company from 19.88% to 25.03% and 15.14% to 21.00%, respectively, in July, 2023 which is a strong sign of faith and confidence that the promoters have in the future prospects of the business. For further details, see “Our Management” on page 86.

## OUR GROWTH STRATEGY

Our future business growth will be primarily driven across the following factors:

(a) **Setting up of an additional facility focusing on Vegetarian frozen RTE and RTC products:**

Currently we have two units within the same manufacturing facility, with a capacity of 2,278 MT for the vegetarian unit and 5,562 for the non-vegetarian unit, both operating 2 shifts with a production of 96 MT for vegetarian unit and 3,560 MT for Non-vegetarian unit in Fiscal Year 2023. Given the overall growth prospects of the vegetarian industry in which we operate, there is a need for establishing an additional manufacturing facility which will not only help us in catering to a larger customer base but also help us increase our share of business with our existing customers. The experience of the Promoters and the management team in setting up and improvising our existing facility along with the experience of working with our customers over the past years coupled with their strong reputation, will enable us to continue to take advantage of future market opportunities and expand into new markets.

(b) **Introducing Differentiated Products & Striving for Improved Margins in our Existing Business:**

We also believe that continuous product development and expansion of our product portfolio are integral to the growth of our business. We have an experienced in-house research and development team that works on our new product development processes through innovations, trials, regulatory approvals and driving market acceptance and cost alignments along with our marketing and supply chain management teams. Our new product development process is reliant on feedback from customers and sales team. Given our capabilities across the supply chain, customers often use our facilities for researching and experimenting with new products. We will continue to strive to convert this ability to not only help realize higher and more predictable revenues but also higher margins from our customers. We plan to continue to increase offerings in our current business segments as well as diversify into new products by tapping into segments which in the view of our management have attractive growth prospects. Further, we believe that with the strategic initiative of setting up an additional manufacturing unit, our customer base would be diversified, as a consequence of the same, there will be a continuous demand to evolve our existing products and expand our product portfolio to meet these requirements. We believe that our emphasis on quality of manufacture and timely delivery of our offerings have been a key factor in our ability to attract new customers and to retain our existing customers. We intend to draw on our experience, market position and ability to timely deliver quality products to successfully foray into vegetarian segment as well as to other geographies.

(c) **Introducing Products for International Expansion:**

We believe that there is a huge potential for export of products like ready to eat meals & gravies, frozen vegetarian snack foods & savouries, innovative and high protein vegetarian snacks in the international markets like countries in the Indian sub-continent, Europe and U.S.A. Given our strength in new product development & manufacturing processes, we can create another strong potential market for our products. This will not only help us diversify our revenues but also help us utilize our facilities better and enabling us to achieve higher operating margins. Given the current expansion of frozen vegetarian products in the export market, we have a significant opportunity to expand in this direction.

(d) **Expanding Vegetarian Product Offerings:**

Historically our focus on vegetarian products has been very limited given the business dynamics of our customers. However, going forward, unique vegetarian products like protein rich vegetarian snacks like millets, legume based products, may provide a key growth opportunity for our business. Vegetarian products and ingredients also continue to be a significantly larger proportion of revenue for our customers and we believe that there is an opportunity to replicate our past success in this line of products with our customers. We intend to allocate significant proportion of our Proposed Manufacturing Facility at Mohali towards this line of business. Given the strength of our existing procurement capabilities, product development capabilities and customer connects, we may be successful in potentially scaling up this business significantly after the commissioning of our manufacturing facility at Mohali. Venturing into these products may also allow us to further build on our relationship and retain our existing customers.

## COLLABORATION & JOINT VENTURES

As on the date of this Draft Red Herring Prospectus, our Company has not entered into any collaboration or joint-venture agreements or arrangements.

## OUR PRODUCT PORTFOLIO

Our product portfolio can be broadly classified under three (3) categories – non-vegetarian, vegetarian, and plant-based.










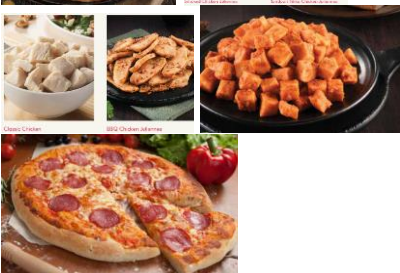

Sr. No.	Product Category	Revenue Mix INR (Lakhs)		
		Financial Year ended March 31, 2023	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021
1.	Non-vegetarian	11,220.95	8,575.46	6,118.06
2.	Vegetarian	15.84	0.00	0.00
3.	Plant-based	485.97	157.95	0.00

The following table sets forth the quantity produced of our product category in the last three financial years

S.No.	Product Segment	Volume Mix (MT)		
		Financial Year ended March 31, 2023	Financial Year ended March 31, 2022	Financial Year ended March 31, 2021
1	Non-Vegetarian	3,563.24	2,855.45	2,197.00

2	Vegetarian	14.84	0.00	0.00
3	Plant-based	81.11	43.65	0.00

**Non-Vegetarian**

S.No.	Product Name	Images
1	Chicken Wings, <i>variety</i>	
2	Burger Patties, <i>variety</i>	
3	Chicken Nuggets and Chicken Chips	
4	Kebabs	
5	Momos & Spring Rolls	
6	Fried Chicken, <i>variety</i>	
7	Salami, <i>variety</i>	
8	Sausage, <i>variety</i>	
9	Pizza Toppings & Sandwich fillings, <i>variety</i>	
10	Pepperoni	
11	Chicken Keema	

**Vegetarian**

S.No.	Product Name	Image
1	Snacks (Momos, Spring Rolls)	
2	Vegetarian Patties	
3	Vegetarian Nuggets, Cheese Nuggets	
4	Onion Rings, Dosa Rings	



5 Cheese Sticks and Cheese Poppers



6 Vegetarian Samosas



**Plant-Based**

S.No. Product Name

Image

1 Burger Patties



2 Kebabs



3 Sausages



4 Nuggets



5 Keema



6 Tikka Chunks & Strips



7 Snacks (Momos & Samosas)



**OUR MANUFACTURING FACILITY**

We manufacture our non-vegetarian, vegetarian and plant-based products at our manufacturing facility located in District Mohali, which is a modern plant equipped with imported and hi-tech equipment from Germany. To maintain quality of our product, we have installed below mentioned equipment at our manufacturing facility to deliver products with precision and productivity in the most extreme operating conditions:



Curing and Marinating



Vacuum Tumblers



Chopping & Mincing



Vacuum Filler



Forming Line for Gourmet Customised Products



Retort Machine



Cooking



Rational Oven



Frying



Dicing



Automatic Slicers



Packaging and Metal Scanner

The following tables set forth the annual installed capacity of our manufacturing facility for the production of our products for the respective period mentioned below:

<b><u>Manufacturing Facility</u></b>	<b><u>Units of Installed Capacity</u></b>	<b><u>Installed Capacity as of March 31, 2023</u></b>	<b><u>Capacity Utilization (%) in Financial Year 2023</u></b>	<b><u>Installed Capacity as of March 31, 2022</u></b>	<b><u>Capacity Utilization (%) in Financial Year 2022</u></b>	<b><u>Installed Capacity as of March 31, 2021</u></b>	<b><u>Capacity Utilization (%) in Financial Year 2021</u></b>
Mohali (Punjab)- Non- Vegetarian	MT	5,562.49	64.06%	5,562.49	51.33%	4,800.00	46.00%
Mohali (Punjab)- Vegetarian & Plant-Based	MT	2,277.60	4.21%	2,277.60	1.92%	-	-

\*Vegetarian Capacity utilization data based on actual production in FY 22.

## RAW MATERIALS

The primary raw materials required to manufacture our products are meats, functional ingredients, spices/seasonings, blends, packaging materials and others. The raw materials constituted 75.82%, 73.28% & 76.77% of our revenue from operations in the Financial Years 2023, 2022, 2021.

We presently procure all these raw materials from certified and approved suppliers on our requirements on an on-going basis. We have long-standing relationships with most of our suppliers. We procure all of our raw materials by way of purchase orders on an on-going basis. Through our Purchase contracts, we have established annual agreements with most of our suppliers and therefore, are unaffected by fluctuations in the market rates.

## PACKAGING

The primary packaging material used by us is high barrier PA/PE laminate with >70 micron. This enables the product to have a primary shelf life of at least 12 months/365 days under frozen condition of -18°C and below and a secondary shelf life of at least 5 days in chilled conditions between 0 – 4°C. For shelf stable products, the primary packaging used is extra barrier laminate (EVOH/PA/PE) to give a shelf stable shelf life of at least 18 months.

We source these laminates from suppliers who specialize in packaging development for various food products. Our products are packed using automated packaging machines, ensuring different pack sizes. To safeguard our primary or secondary packs throughout the sales and distribution process, we utilize duplex boxes or airtight cartons for secondary packaging, and corrugated carton boxes for tertiary packaging.

## UTILITIES

**Infrastructure** – Our Registered Office and manufacturing facility is well equipped with computer systems, internet connectivity, other communication equipment and security, which are required for our business operations.

**Power** – We have arrangements for regular power supply at our office premises & manufacturing facility. We have specific power requirements due to the need to process raw ingredients to get final products and for packing of different products within a particular range of temperatures. We depend on state electricity supply for our power requirements and utilise diesel generators to ensure that our facilities are operational during power failures or other emergencies. We have installed energy efficient equipment at our manufacturing facility.

**Water** – We source our water requirements from ground water at our manufacturing facility. For the portfolio of products that we manufacture, our water requirement is mainly for processing of raw ingredients, sanitation, and air-conditioning and firefighting purposes.

## QUALITY ASSURANCE

As of September 16, 2023, our dedicated quality assurance team consists of 10 experienced technologists and microbiologists. This team is responsible for providing comprehensive training to all employees in our manufacturing facility, from procurement to sales and marketing, to uphold quality assurance standards. Our quality assurance team is well-equipped to train our staff on the latest updates in quality, regulatory, and statutory standards, as well as the specific standards mandated by our institutional customers, ensuring compliance with our food safety and quality management systems.

Listed below are the roles performed by the Food Safety & Quality Assurance Team, all of which are in accordance with our Company's certifications.

- (a) **Raw Material:** At the initial stage, we ensure that raw meat is sourced exclusively from approved suppliers. With each batch of supply, the suppliers provide a health certificate and a Certificate of Analysis, confirming that the raw material is free from antibiotics and diseases, and is completely safe for human consumption, meeting all necessary quality and safety criteria.
- (b) **Hygiene:** Detailed systems have been developed to manage all the stages of cleaning of the equipment's, drains, tools. Protective gear is used mandatorily by the personnel, and strict procedures are followed to ensure that good personal hygiene practices are followed by the workers.
- (c) **Water:** A double RO system has been implemented to ensure that the water/ice used in the products is free from any kind of contamination. (Physical, chemical & microbiological). The effectiveness of the RO is evaluated daily by our microbiologist and every 6 months by an external, NABL accredited lab. Additionally, water pipelines have been colour-coded for identification.
- (d) **Maintenance:** A skilled and trained maintenance team, consisting of 22 employees as of September 16 2023, is constantly present in at the manufacturing facility to ensure the strict adherence to preventive maintenance procedures and maintain optimal equipment efficiency at all times.
- (e) **Prevention of Contamination:** A thorough waste management procedure is in place that categorises wastes into biodegradable, non-biodegradables, metal scraps and used media from the lab. A physical segregation is conducted to segregate high care & low care areas. High care areas are operated under a controlled temperature of 8 -10°C & processing areas, including raw material inspection areas, are operated under temperatures below 12 - 15°C.
- (f) **Pest Prevention:** A daily inspection of pest activity inside & outside the plant is outsourced to PCI (Pest Control of India). A thorough quarterly audit and trend analysis, for continual improvement, is carried out with the PCI team.
- (g) **Sensible Storage:** The storage system for raw material is designed in such a way that the food and non-food ingredients; allergens and non-allergen materials, all stand segregated. Also, chemicals used for cleaning are stored separately, and restricted to use by authorized personnel only.
- (h) **Crisis Management Plan:** Mock drills, fire safety audits, first-aid trainings are carried out at least once a year and a site security checklist, to ensure food security is used every month. Accountability of visitors, contractors & all employees is maintained and monitored, and even documented for, with every entry and exit.

Furthermore, our manufacturing facility and manufacturing processes have been subject to periodic audits and approvals by some of our key QSR customers. We view this as an opportunity to foster long-term partnerships and once qualified, we customize our products to meet the specific requirements of our valued customers.

#### KEY CUSTOMERS

Some of our key customer accounts include:

Sr. No.	Customer Name	Brands	Relationship (In Years)	Revenue Mix (INR Lakhs)		
				Financial Year ended	Financial Year ended	Financial Year ended
				March 31, 2023	March 31, 2022	March 31, 2021
1	Jubilant Foodworks Limited	Dominos, Hong's Kitchen, Ekdum	16	6,041.16	4,440.70	3,659.48
2	Eversub India Pvt. Ltd Private Limited.	Subway	19	3,653.06	2,705.11	1,416.92
3	Lenexis FoodWorks Private Limited Pvt. Ltd.	Wok Express	1	223.75	0.00	0.00
4	Stellar Concepts Private Limited Pvt Ltd.	Chili's & Paul India	1	191.94	0.00	0.00
5	Coffee Day Global Limited	CCD	6	164.52	66.47	58.04
6	Tipping Mr. Pink Private Limited	Burger Singh	5	67.68	61.00	23.05
7	Shivanika Foods Private Limited Pvt Ltd.	Blue Tribe	2	152.59	69.34	0.00
8	Liberate Foods Private Limited Pvt Ltd.	Shaka Harry	2	137.42	45.52	0.00
9	Continental Coffee Ltd Limited.	Green Bird	2	76.20	0.00	0.00
10	Others			1,014.45	1,345.27	960.60

#### COMPETITION

Our industry comprises of both organized and unorganized players, therefore we face competition from both small players who belongs to unorganized sector and big players who have better resources availability.

#### HUMAN RESOURCES

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. We look for specific skill-sets, interests and background that would be an asset for our business.

As at March 31, 2023, we had 283 employees. We endeavour to maintain a culture of innovation by empowering our employees at all levels of our organization. Our success depends upon our ability to attract, develop, motivate and retain highly-skilled and multi-disciplinary team members. Our people management strategy is based on four key components: recruiting, training and development, compensation and retention.

Category	No. of Employees
----------	------------------






Admin(F&A, Supply Chain & HR)	30
Maintenance	21
Production, QA & NPD	29
Sales	18
Workers	185
<b>Total</b>	<b>283</b>


## INSURANCE

We constantly evaluate the risks in an effort to be sufficiently covered for all known risks. Under the restrictive covenants imposed by the financial institutions and also as a good business practice we maintain insurance covering our stocks, machineries and assets at such levels that we believe to be appropriate. We maintain insurance cover against loss or damage by fire, business interruption by fire, earthquake, spoilage, burglary, product liability, etc. by availing Laghu Business Package Insurance Policy, Product Liability, Laghu Udyam Suraksha Policy, Burglary Policy, etc. However, there can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption. If we suffer a large uninsured loss or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and result of operations may be materially and adversely affected. As on date of this Draft Red Herring Prospectus, we have not availed a key man's insurance policy for our key managerial personnel. See Risk Factors – "An inability to maintain adequate insurance coverage in connection with our business may adversely affect our operations and profitability." on page 22.

## INTELLECTUAL PROPERTY RIGHTS:

Our Company has the following registered trademarks

Sr. No	Particulars of the mark	Number	Class
1.	 - Device Mark	4022326	29
2.	 - Device Mark	5011051	30
3.	 - Device Mark	4351537	43

Our Company has made an application for registration with the Registrar of Trademarks for registration of our logo  and the same is pending for registration before the Registrar of Trademarks. For risks involved with respect to inability to obtain such registrations, please refer Risk factor- "We may not be able to adequately protect our intellectual property, which may result in the inability to prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products" on page 17.

## OUR PROPERTIES:

### Owned Property

Sr. No.	Particulars of the Property	Area	Usage
1.	Village Chaundheri Ambala Road, District Mohali, Mohali - 140 501, India	1.874 acres	Factory Premises; Corporate Office; and address other than registered office where all or any books of account and papers are maintained

### Leasehold Properties

Sr. No.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
1.	Agreement dated April 6, 2023 entered into by and between Coldrush Logistics Private Limited and the Company for providing storage facilities to the Company	Nh 7, Chadigarh Patiala Road opposite Holy Mary Cchool, Banur, Punjab – 140 601	For frozen products: Storage charges amounting to ₹ 48 per pallet per day + handling & picker chargers as per agreement For dry products: Storage charges amounting to ₹ 500 per month on highest occupancy (224 pallets) + handling & picker chargers as per agreement	April 1, 2023 to March 31, 2024	Storage facility
2.	Agreement dated February 8, 2023 between Ross Enterprises and the Company for providing storage facilities to the Company	Village Rampur Kalan, Zirakpur, SAS Nagar, Mohali – 140 603, Punjab, India.	Storage Charges: ₹ 38 per pallet per day on closing	February 8, 2023 to March 31, 2024	Storage facility

Sr. No.	Details of the Deed/Agreement	Particulars of the property, description and area	Consideration/ License Fee/Rent	Tenure/ Term	Usage
3.	Agreement dated April 1, 2023 between M/s Om Ji Sale Gurgaon and the Company (C& f Agent)	Shop No-2, Sec-52A, VPO Wazirabad, Gurgaon (Haryana) – 122 003, India	Frozen products Delhi NCR- 7% of basic invoice value billed to C&F agent post deducting premise rent of ₹ 1000  Frozen products Rest of India- 3% on basic value billed to C&F agent	April 1, 2023 to March 31, 2024	Storage facility

Note: One of our Promoter and Executive Director, Gurpreet Chatha has gratuitously allowed the Company to use property owned by him, located at 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India., as the registered office of our Company.

## KEY INDUSTRIAL REGULATIONS AND POLICIES

The following description is a summary of certain relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional advice. For details of Government Approvals obtained by the Company in compliance with these regulations, please refer to chapter titled “*Government and Other Statutory Approvals*” beginning on page 118 of this Draft Red Herring Prospectus.

### A. Industry related laws

#### Food Safety Standards Act, 2006 (the “FSS Act”)

The FSS Act is the primary legislation in India relating to food and the corresponding safety standards. The FSS Act inter-alia mandates that no food business operator shall himself or herself or by any person on his behalf manufacture, store, sell or distribute any article of food:

- a) which is unsafe; or
- b) which is misbranded or sub-standard or contains extraneous matter; or
- c) for which a license is required, except in accordance with the conditions of the license; and
- d) This is for the time being prohibited by the Food Authority or the Central Government or the State Government in the interest of public health.

Every person who carries on food business is required to obtain a license under the FSS Act. The Food Safety and Standards Authority of India (“FSSAI”) has been established under the FSS Act. The FSSAI has the power to regulate and monitor the manufacture, processing, distribution, sale and import of food so as to ensure safe food. It inter-alia has the power to regulate the quality control of articles of food imported in India, limits on use of additives, metals, drugs and anti-biotic in food, certification of bodies engaged in food safety management systems and food labeling standards. The FSSAI is obliged to provide scientific advice and technical support to the Central Government and the State Governments in framing the policies and rules in areas which have a direct or indirect bearing on food safety and nutrition. The FSS Act also provides power to the Food Safety Officer to enter and inspect any place where articles of food are manufactured, or stored for sale, or stored for the manufacture of any other article of food, or exposed or exhibited for sale and where any adulterant is manufactured or kept, and take samples of such articles of food or adulterant for analysis. Further, any person who whether by himself or by any other person on his behalf manufactures for sale or stores or sells or distributes or imports any article of food for human consumption which is sub-standard, shall be liable to a penalty which may extend to five lakh rupees. The FSSAI has also framed the several rules and regulations relating to food safety and standards with regard to sale, packaging and labeling, analysis, additives and contaminants.

#### Agricultural and Processed Food Products Export Development Authority Act, 1985 (“APEDA Act”)

The APEDA Act provides for establishment of Agricultural and Processed Food Products Export Development Authority for the development and promotion of export of certain agriculture and processed food products. APEDA has signed multiple MoUs with different institutions engaged in agri-trade and agri-infrastructure to foster cooperation in the areas of critical technology intervention requirements for organic as well as chemical/ residue free production systems; development of Common Processing Centers; effectively supporting the entire value chain system in clusters identified under the Agriculture Export Policy (AEP); developing pre-production, production, post harvesting, primary processing, secondary processing and transportation/ distribution guidelines for all the stakeholders including farmers to meet international compliances, capacity building of various stakeholders and providing technical support to tribal farmers & groups, federations, organizations working with farmers, engaging cooperatives involved in agricultural production for improving the quality of agri-produce, its consolidation and export for better price realization to the farmers; facilitating necessary certifications for agri-produce/ organic produce; capacity development of agri-processing and allied cooperative societies/SHGs; showcasing the products and services being produced/offered by agri-produce/processing cooperatives in the Indian and global markets, etc. Such MoUs are expected to facilitate the development of clusters identified under the AEP, thus benefiting the farmers in those clusters and promoting agri exports from the country. Persons exporting scheduled products are required to be registered under the APEDA Act and are required to adhere to specified standards and specifications and to improve their packaging. The APEDA Act provides for imprisonment and monetary penalties for breach of its provisions. Further, Agricultural and Processed Food Products Export Development Authority Rules, 1986 have been framed for effective implementation of the APEDA Act and provides for the application, grant and cancellation of registration to be obtained by exporters of agricultural produce.

#### The Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards Act, 2016 (“BIS Act”) was enacted to provide for the establishment of a national standards body for the harmonious development of the activities of standardisation, conformity assessment and quality assurance of goods, articles, processes, systems and services and for matters connected therewith or incidental thereto. The BIS Act provides for the powers, duties and functions of the BIS, where, *inter alia*, includes:

- a) recognition of any standard established for any article or process by any other institution in India, or elsewhere as an ‘Indian Standard’;
- b) establishment, publishing and promotion, in such manner as may be prescribed, of the Indian Standard, in relation to any article or process;
- c) specification of a Standard Mark to be called ‘Bureau of Indian Standards Certification Mark’ which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian Standard;
- d) granting, renewal, suspension or cancellation of a license for the use of Standard Mark; and
- e) making such inspection and taking such examples of any material or substance, as may be necessary, to see whether any article or process in relation to which the Standard Mark has been used, conforms to the Indian Standard or whether the Standard Mark has been improperly used in relation to any article or process without a license.

#### The Legal Metrology Act, 2009

The Legal Metrology Act, 2009 (“Legal Metrology Act”) replaces the Standards of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number, and matters connected therewith or incidental thereto. The key features of the Legal Metrology Act are (a) appointment of Government approved test centres for verification of weights and measures; (b) permitting the establishments to nominate a person who will be held responsible for breach of provisions of the Legal Metrology Act; (c) stringent punishment, such as power of inspection, seizure and forfeiture; and (d) prohibits manufacture, repair or sale of weight or measure without license.

## **Legal Metrology (Packaged Commodities) Rules, 2011 (“Packaged Commodities Rules”)**

The Packaged Commodities Rules lay down specific provisions applicable to packages intended for retail sale, whole sale and for export and import and also regulate pre-packaged commodities in India, inter alia by mandating certain labelling requirements prior to sale of such commodities. Legal Metrology (Packaged Commodities) (Amendment) Rules (“**Packaged Commodity Amendment Rules**”) issued on June 23, 2017 have introduced important amendments to the Packaged Commodity Rules, especially in relation to ecommerce entities. The Packaged Commodity Amendment Rules came into force from January 1, 2018. The key provisions of the Packaged Commodity Amendment Rules are regarding the size of declarations on the label, declaration on e-commerce platforms, declaration of name and address of the manufacturer and fine for contravention.

## **Standards of Weights and Measures Act, 1976 and Standards of Weights and Measures (Packaged Commodities) Rules, 1977**

The Standards of Weights and Measures Act, 1976 aims at introducing standards in relation to weights and measures used in trade and commerce. The rules made thereunder, particularly the Standards of Weights and Measures (Packaged Commodities) Rules, 1977, lay down the norms to be followed, in the interests of consumer safety, when commodities are sold or distributed in packaged form in the course of inter-state trade or commerce. This Act and rules formulated thereunder regulate inter alia inter-state trade and commerce in weights and measures and commodities sold, distributed or supplied by weights or measures.

## **B. Labour related laws and regulations**

### **The Factories Act, 1948.**

The Factories Act, 1948 (“**Factories Act**”) defines a factory to be any premises including the precincts thereof, on which on any day in the previous twelve (12) months, ten (10) or more workers are or were working and in which a ‘manufacturing process’ is being carried on or is ordinarily carried on with the aid of power; or where at least twenty (20) workers are or were working on any day in the preceding twelve (12) months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories. The Factories Act provides that the occupier of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed there under, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

It is pertinent to note that State Government have set out rules in respect of the prior submission of plans, their approval for registration of the establishment, and licensing of factories. The Rules govern approval of plans, grant of licenses, safety procedures, working hours and conditions of workers.

### **Other Labour Related Legislations**

In addition to the Factories Act, 1948 which is applicable to our Company, other legislations that may be applicable to the operations of our Company include:

- Apprentices Act, 1961;
- Bonded Labour System (Abolition) Act, 1976;
- Child Labour (Prohibition and Regulation) Act, 1986;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Employee’s Compensation Act, 1923;
- Employment Exchange (Compulsory Notification of Vacancies) Act, 1959;
- Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees’ State Insurance Act, 1948;
- Equal Remuneration Act, 1976;
- Factories Act, 1948;
- Industrial Disputes Act, 1947;
- Industrial Employment (Standing Orders) Act, 1946;
- Interstate Migrant Workmen Act, 1979;
- Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act and Rules, 2013; and
- Trade Unions Act, 1926

*In order to rationalize and reform labour laws in India, the Government of India has framed four labour codes, namely, The Occupational Safety, Health and Working Conditions Code, 2020; the Code on Social Security, 2020; the Code on Wages, 2019; the Industrial Relations Code, 2020 (enacted by the Parliament of India and assented to by the President of India) and will be applicable to our Company as and when they come into force, on such date as may be notified in the official gazette by the Central Government.*

## **C. Environment related laws and regulations**

### **The Environment (Protection) Act, 1986**

The Environment (Protection) Act, 1986 (“**EPA**”) is umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the Government of India with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, inter-alia, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues.

### **The Water (Prevention and Control of Pollution) Act, 1974**

The Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases, the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines or imprisonment or both.

#### **The Air (Prevention and Control of Pollution) Act, 1981**

Pursuant to the provisions of The Air (Prevention and Control of Pollution) Act, 1981, as amended (the “**Air Act**”), any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. If an area is declared by the State Government to be an air pollution control area, then, no industrial plant may be operated in that area without the prior consent of the State Pollution Control Board. Air (Prevention and Control of Pollution) Rules, 1982 deal with the procedural aspects of the Air Act.

#### **Hazardous Waste Management Wastes (Management and Transboundary Movement) Rules, 2016**

Hazardous Waste Management Rules aims to ensure safe handling, generation, processing, treatment, package, storage, transportation, use reprocessing, collection, conversion, and offering for sale, destruction and disposal of hazardous waste. The rules lay down corresponding duties of various authorities such as MoEF, CPCB, State/UT Govts., SPCBs/PCCs, DGFT, Port Authority and Custom Authority while State Pollution Control Boards/ Pollution Control Committees have been designated with wider responsibilities touching across almost every aspect of hazardous wastes generation, handling and their disposal.

### **D. Other laws applicable to our Company and its business**

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

The Companies Act, 2013 (“**Companies Act**”) deals with laws relating to companies and certain other associations. The Companies Act primarily regulates the formation, financing, functioning, and winding up of companies. The Companies Act prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial, and managerial aspects of companies. It deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors.

#### **Micro, Small and Medium Enterprises Development Act, 2006 and Industries (Development and Regulation) Act, 1951**

The Micro, Small and Medium Enterprises Development Act, 2006 and Industries (Development and Regulation) Act, 1951 (“**MSMED Act**”) inter-alia seeks to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises. The MSMED Act inter-alia empowers the Central Government to classify by notification, any class of enterprises including inter-alia, a company, a partnership, firm or undertaking by whatever name called, engaged in the manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 as:

- (i) a micro enterprise, where the investment in plant and machinery does not exceed ₹ 25,00,000/- (Rupees Twenty- Five Lakhs Only);
- (ii) a small enterprise, where the investment in plant and machinery is more than ₹ 25,00,000/- (Rupees Twenty -Five Lakh Only) but does not exceed ₹ 5,00,00,000/- (Rupees Five Crores Only); or
- (iii) a medium enterprise, where the investment in plant and machinery is more than ₹ 5,00,00,000/- (Rupees Five Crores Only) but does not exceed ₹ 10,00,00,000/- (Rupees Ten Crores Only).

In case of enterprises engaged in providing or rendering of services, the enterprise may be classified as:

- (i) a micro enterprise, where the investment in equipment does not exceed ₹ 10,00,000/- (Rupees Ten Lakhs Only); (ii) a small enterprise, where the investment in equipment is more than ₹ 10,00,000/- (Rupees Ten Lakhs Only) but does not exceed ₹ 2,00,00,000/- (Rupees Two Crores Only); or
- (iii) a medium enterprise, where the investment in equipment is more than ₹ 2,00,00,000/- (Rupees Two Crores Only) but does not exceed ₹ 5,00,00,000/- (Rupees Five Crores Only).

The MSMED Act also inter-alia stipulates that any person who intends to establish, a micro or small enterprise or a medium enterprise engaged in rendering of services, may at his discretion and a medium enterprise engaged in the manufacture or production of goods as specified hereinabove, file a memorandum of micro, small or medium enterprise, as the case may be, with the prescribed authority.

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

The Indian Contract Act, 1872 (“**Contract Act**”) lays down the essentials of a valid contract, it provides a framework of rules and regulations that govern the validity, execution and performance of a contract and codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and the breach enforced. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

#### **Electricity Act, 2003**

The Electricity Act, 2003 (“**Electricity Act**”) was enacted to regulate the generation, transmission, distribution, trading and use of electricity by authorising a person to carry on the above acts either by availing a license or by seeking an exemption under the Electricity Act. Additionally, the Electricity Act states no person other than Central Transmission Utility or State Transmission Utility, or a licensee shall transmit or use electricity at a rate exceeding 250 watts and 100 volts in any street or place which is a factory within the meaning of the Factories Act, 1948 or a mine within the meaning of the Mines Act, 1952 or any place in which 100 or more persons are ordinarily likely to be assembled. An exception to the said rule is given by stating that the applicant shall apply by giving not less than 7 days’ notice in writing of his intention to the Electrical Inspector and to the District Magistrate or the Commissioner of Police, as the case may be, containing the particulars of electrical installation and plant, if any, the nature and purpose of supply of such electricity. The Electricity Act also lays down the requirement of mandatory use of meters to regulate the use of electricity and authorises the Commission so formed under the Electricity Act, to determine the tariff for such usage. The Electricity Act also authorises the State Government to grant subsidy to the consumers or class of consumers it deems fit from paying the standard tariff required to be paid.

### **The Consumer Protection Act, 1986**

The Consumer Protection Act, 1986 (“**Consumer Protection Act**”) was enacted to provide speedy and simple redressal to consumer disputes through quasi-judicial machinery set up at district, state and national level. The provisions of the Consumer Protection Act cover products as well as services.

### **E. Tax related laws and regulations**

In addition to the aforementioned material legislations which are applicable to our Company, some of the tax legislations that are or may become applicable to our Company include:

- a) Income Tax Act, 1961, the Income Tax Rules, 1962, as amended by the Finance Act in respective years;
- b) Central Goods and Service Tax Act, 2017, the Central Goods and Service Tax Rules, 2017 and various state-wise legislations made thereunder;
- c) The Integrated Goods and Service Tax Act, 2017 and rules thereof;
- d) Customs and Central Excise Duties Drawback Rules, 2017;
- e) Profession tax-related state-wise legislations;
- f) Customs Act, 1962;
- g) Customs Tariff Act, 1975; and
- h) Indian Stamp Act, 1899 and various state-wise legislations made thereunder.

### **F. Regulations Regarding Foreign Investment**

#### **Foreign Exchange Management Act, 1999**

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999 (“FEMA”), as amended, along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, The Department for Promotion of Industry and Internal Trade (“DPIIT”), Ministry of Commerce and Industry has issued the Consolidated FDI Policy which consolidates the policy framework on Foreign Direct Investment (“FDI Policy”), with effect from October 15, 2020. The FDI Policy consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till October 15, 2020.

In terms of the FDI Policy, foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA Regulations has now been entrusted to the concerned Administrative Ministries/Departments. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the Government, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where Government approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

The Company is engaged in the activity of manufacturing of meat products. The FDI Policy issued by the DIPP permits foreign investment up to 100% in the manufacturing sector under the automatic route. No approvals of the Administrative Ministries/Departments or the RBI are required for such allotment of equity Shares under this Offer. The Company will be required to make certain filings with the RBI after the completion of the Offer.

### **G. Intellectual Property Laws**

#### **The Trademarks Act, 1999**

Under the Trademarks Act, 1999 (“**Trademarks Act**”), a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks (“**the Registrar**”), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee.

#### **The Patents Act 1970 (“Patents Act”)**

The Patents Act governs the patent regime in India. A patent under the Patents Act is an intellectual property right relating to inventions and grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling and importing the patented product or process or produce that product. Being a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights, India is required to recognize product patents as well as process patents. In addition to the broad requirement that an invention must satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act further provides that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria.

#### **The Copyright Act, 1957**

The Copyright Act, 1957, along with the Copyright Rules, 2013 (“**Copyright Laws**”) governs copyright protection in India. Even while copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Copyright Laws acts as a prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations. The Copyright Laws prescribe a fine, imprisonment or both for violations, with enhanced penalty on second or subsequent convictions.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as a public limited company in the name and style of ‘Chatha Foods Limited’ and was issued certificate of incorporation and certificate of commencement of business, both, dated October 8, 1997 by the Registrar of Companies Punjab, H.P & Chandigarh. Subsequently, pursuant to a special resolution passed at the EGM of the Company held on March 31, 2003, our Company was converted into a private limited company and consequently the name of our Company was changed to ‘Chatha Foods Private Limited’ and a fresh certificate of incorporation dated June 16, 2003 was issued by the Registrar of Companies Punjab, H.P & Chandigarh. Thereafter, pursuant to a resolution passed at the EGM of the Company held on August 22, 2023, the name of our Company was again changed to its present name, i.e. ‘Chatha Foods Limited’ pursuant to its conversion from private limited to a public limited company and a fresh certificate of incorporation dated September 8, 2023 was issued by the Registrar of Companies, Chandigarh consequent upon such conversion.

### Changes in registered office of our Company

The registered office of our Company was originally situated at 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India.

There has been no change in the Company’s registered office since inception till the date of this Draft Red Herring Prospectus.

### Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as mentioned below:

1. To carry on in India or elsewhere the business to manufacture, produce, process, prepare, disinfect, fermentate, compound, mix, clean, wash, concentrate, crush, grind, segregate, pack, repack, add, remove, heat, grade, preserve, freeze, distillate, boil, sterilize, improve, extract, refine, buy, sell, resale, import, exporter, barter, transport, store, forward, distribute, dispose, develop, handle, manipulate, market, supply and to act as agent, broker, representative, consultant, collaborator, adatia, stockists, liasioner, middleman, export house, jobworker or otherwise to deal in all types, descriptions, tastes, uses and packs of consumer food items, their by products, ingredients, denvatives, residues, including foods and vegetables, packed foods, powders, pasts, liquids, drinks, beverages, juices, jams, jelly squashes, pickle, sausages, concentrates, extracts, essences, flavours, syrups, sarbats, flavoured drinks, health and diet drinks, extruded foods, frozen foods, dehydrated foods, fast foods, cream, cheese, butter, biscuits, breads, cakes, pastries, confectionery, sweets, choclates, toffees, breakfast foods, protein foods, dietic products, strained baby foods, instant foods, cereal products, table delicacies and all other items whether natural, artificial or synthetic of a character similar or analogous to the innogating or connected therewith.
2. To carry on in India or elsewhere the business to manufacture, establish, produce, process, protect, preserve, manage, tin-pack, clean, commercialize, cure, cut, powder, treat, disinfect and to act as agent, broker, importer, exporter, buyer, seller, consultant, job worker, market man or otherwise to deal in all types of animal products, by-products and waste including brush from brush making hairs, and bristles of pigs, hogs and boars, horse hair and horse hair waste, guts, bladders and stomach of animals, sinews and tendons parings and similar waste or raw hides and skins, feather and other parts of birds, bones and horn cones of animals, horns, antler, hooves, nails, claws and breaks of animals, ivory, its power and waste, tortoise shell, claws and waste of tortoise shell, flats of bovine cattle, sheep or goats, lard stearl, oleosearin and stearin landoil, oleco oil and fats and oils of fish and marine mammals, animal or vegetable oils and fats, sausages and the like material of meat, meat offal or animal blood, meat extracts and meat juices, fish extracts, prepared or preserved fish including calviar and caviar substitutes, crustaceans and molluses prepared or preserved and other similar and allied goods, articles and things.

### Amendments to the Memorandum of Association

The following amendments have been made to the Memorandum of Association of our Company in the last ten (10) years:

Date of Shareholders’ resolution	Nature of amendments
August 19, 2013	Clause V i.e. Capital Clause of our Memorandum of Association was amended to reflect increase in the authorized share capital of our Company from ₹ 6,00,00,000 divided into 60,00,000 Equity Shares of ₹ 10 each to ₹ 13,00,00,000 divided into 1,30,00,000 Equity Shares of ₹ 10 each
August 22, 2023	Clause I i.e. Name Clause of our Memorandum of Association was substituted to reflect the change in the name of our Company from ‘Chatha Foods Private Limited’ to ‘Chatha Foods Limited’ pursuant to re-conversion of our Company into a public limited company.
September 13, 2023	Clause V i.e. Capital Clause of our Memorandum of Association was amended to reflect increase in the authorized share capital of our Company from ₹ 13,00,00,000 divided into 1,30,00,000 Equity Shares of ₹ 10 each to ₹ 25,00,00,000 divided into 2,50,00,000 Equity Shares of ₹ 10 each.

# The increase in authorized capital is not reflecting on MCA portal due to technical errors on the MCA portal.

### Major Events and Milestones

The table below sets forth some of the key events, milestones in our history since its incorporation:

Year	Events
1997	Incorporation of our Company as a public limited company in the name and style of ‘Chatha Foods Limited’.
1997	Importer Exporter Code (IEC) Certificate was issued to the Company by the Ministry of Commerce and Industry.
1998	Certificate of Registration as Small Scale Industries by Government of Punjab, Directorate of Industries
2000	Commencement of commercial operations at Mohali as a retort sausage plant.
2003	The Brand “Swiss Naturen” became immensely recognized in Northern India Market.
2003	The Company was converted from public limited to private limited company.
2004	Our Company started the QSR relationship with Subway and helped improvise the products for the Indian palate.
2005	HACCP Certification awarded by FoodServ Netherlands.
2007	Domino’s was on boarded.
2009	“Gold Supplier Award” by Domino’s for financial year 2009 to 2015.
2012	ISO 22000 Certification received from TUV (Germany).
2015-2016	Our Plant’s capacity was enhanced to 48,000 TPA.
2016	Our Company was facilitated by Subway as Best Vendors 2016 at the Singapore Conference.

2017	Café Coffee Day and iHOP on board with our Company.
2020	FSSAI License (Non-Veg Products) was issued to the Company under the FSS Act, 2006.
2021-2022	Our Company installed another unit for vegetarian products having capacity of 2,280 tonnes
2022	Our Company got registered with the U.S. Food and Drug Administration and was issued a certificate of registration.
2023	NSF Certificate of Conformity received by our Company for meeting the requirements of global standard food safety. (BRCGS Certification)
2023	The Company was re-converted from private limited to public limited company.

#### **Key awards, accreditations or recognition**

The table below sets forth some of the awards and accreditations received by our Company:

<b>Calendar Year</b>	<b>Awards and Accreditations</b>
2011	Business Partnership Award received from Domino's Pizza.
2012	Business Partnership Award received from Domino's Pizza and Dunkin' Donuts.
2013	Business Partnership Award received from Domino's Pizza, Jubilant Foodworks, and Dunkin' Donuts.
2014	Second prize for "Best Stall Display" Food Expo in 11 <sup>th</sup> Agro Tech 2014.
2015	Business Partnership Award from Domino's Pizza, Jubilant Foodworks, and Dunkin' Donuts.
2016	Supplier of the Year Award from Subway.
2018	Award for 'Long Term Association' was given at the Business Partners' Conference 2018 in association with Jubilant Foodworks, Dominos Pizza and Dunkin Donuts.
2019	Award received from Jubilant Foodworks and Hong's Kitchen for exemplary contribution towards the successful launch of Hong's Kitchen.
2021	Certificate of Appreciation from Government of India, Ministry of Finance for their prompt filing of returns and payments of GST.
2022	Certificate of Appreciation from Government of India, Ministry of Finance for their prompt filing of returns and payments of GST.

#### **Time and Cost Overrun**

As on date of this Draft Red Herring Prospectus, we have not faced any time and cost overruns for our projects.

#### **Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks**

Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions. The tenure of repayment of any loan availed by our Company from banks or financial institutions has not been rescheduled or restructured.

#### **Details regarding material acquisition or disinvestments of business / undertakings, mergers, amalgamation**

Our Company has not made any business acquisition, merger and amalgamation or disinvestment of business in the last ten years.

#### **Revaluation of assets**

Our Company has neither revalued its assets nor has issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves in the last ten years.

#### **Holding Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

#### **Subsidiaries of our Company**

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

#### **Joint ventures of our Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures.

#### **Strategic and Financial Partners**

As on date of this Draft Red Herring Prospectus our Company does not have any strategic and financial partners.

#### **Collaboration**

Our Company has not entered into any Collaborations as on the date of this Draft Red Herring Prospectus.

#### **Launch of key products or services, entry into new geographies or exit from existing markets, capacity/ facility creation or location of plants**

For details of key products or services launched by our Company, capacity / facility creation, location of our plants and entry into new geographies or exit from existing markets, see "Our Business" on page 66.

#### **Lock-Out and Strikes**

There have been no material instances of strikes or lock-outs at any time in our Company.

#### **Injunction or Restraining Orders**

There are no injunctions/restraining orders that have been passed against the Company.



## Shareholders Agreements

Provided below are the details of the shareholders' agreement amongst our Shareholders *vis-à-vis* our Company, which our Company is aware of:

### 1. Shareholders' Agreement ("SHA") executed on August 12, 2023 by and between the Investor, the Founders, New Shareholders, Existing Shareholders and our Company.

Below table reflects the names of the Parties to the SHA:

S. No	Definitions	Name of Parties
1.	Investor	Negen Undiscovered Value Fund
2.	Founders	Paramjit Singh Chatha, Iqbal Singh Chatha, Gurcharan Singh Gosal, Gurpreet Chatha
3.	New Shareholder 1	Irina Chatha
4.	New Shareholder 2	Namrata Kaur Gurm
5.	NRI Investor	Gursimar Singh Chatha
6.	New Shareholders	The New Shareholder 1, New Shareholder 2 and the NRI investor shall be collectively referred to as New Shareholders
7.	Existing Shareholders	Anmoldeep Singh, Barinder Singh, Sonum Kaur, Rupinder Kaur, Sandeep Kaur, Gurpartap Singh, Gursimran Singh, Guravtar Singh, Raghuvir Singh, Manjit Singh Chatha
8.	Company	Chatha Foods Limited

The Founders, Company, Shareholders, existing investor and Investor have entered into a share purchase agreement dated July 11, 2023 ("Share Purchase Agreement" or "SPA") pursuant to which the Investor holds 12,40,116 Shares having face value ₹ 10 each constituting 10 % the share capital of the Company on a fully diluted basis.

Pursuant to the SPA, the Parties are entering into this SHA to record their mutual understanding with respect to, inter alia, their inter se rights and obligations by virtue of their respective shareholding in the Company, the management of the Company and certain other matters.

Below listed are the salient features of the SHA:

- a. The Investor shall be entitled to receive from the Company, the minutes of the Board and general meetings, financial results and audit reports of the Company, annual internal audit reports, annual operating budget, information relating to the termination of employment/resignation of key employees, details of any event which would have material effect on the Company's profit or business, at such time as mutually agreed between the Parties.
- b. In the event the Company proposes to issue any Shares, the Company shall first offer such shares to the Investor in proportion to its pro rata shareholding. Pursuant to the SHA, the Pre Emptive Rights for the Investor shall be exercisable by the Investor in proportion to its respective shareholding in the Company.
- c. If a Founder decides to transfer ("Selling Shareholder") in excess of 10% of the Shares held by such Selling Shareholder ("Sale Shares") to any Person other than the Investor then such Selling Shareholder hereby unconditionally and irrevocably grants to the Investor, in proportion to its shareholding, a prior right to purchase all or part of the Sale Shares at the same price and on the same terms and conditions as those offered to such Person ("Right or First Refusal" or "ROFR")
- d. The Selling Shareholder shall also ensure that the Transfer Notice contains an offer from the Proposed Transferee to purchase up to a pro rata number of Investor Securities held by the ROFR Right Holder. The ROFR Right Holder will be entitled to sell all or part of the Investor Securities on the same terms and conditions specified in the Transfer Notice (the "Tag Along Right"). If any of the ROFR Right Holder desire to exercise their Tag Along Right, it must give the Selling Shareholder(s) a written notice along with the details of number of Shares it proposes to Transfer ("Tag Along Shares") to that effect within 30 days of the receipt of Transfer Notice, and upon giving such notice, the relevant ROFR Right Holder shall be deemed to have effectively exercised the Tag Along Right.
- e. Buy Back- In the event the initial public offer (IPO) is not undertaken by the company by March 31, 2024 or the Board or its constituted committee determines that the Company shall not proceed with the IPO, than the Founders or the Company at the sole option of the Investor shall (a) buy back all the shares held by the Investor at the same price paid by the Investor for the purchase of the Shares, or (b) permit the Investor to continue to hold the Shares in the Company on the terms and conditions decided mutually between the Parties at that time.
- f. Subject to the terms and conditions contained in the SHA, the SHA shall stand as terminated if
  - (i) the Parties mutually agree in writing to terminate this SHA; and
  - (ii) any Shareholder ceases to hold any Shares in the Company in accordance with the terms of this SHA, in which case this Agreement shall terminate only with respect to such Shareholder.
- g. The Company shall not and/or the Founder shall ensure that after the issuance of Shares to the Investor, the Company does not grant any other current/ potential investor or a Third Party, any rights which are more favorable than those granted to the Investor. If the rights granted to any other investor or existing shareholder are at variance with rights of the Investor, then the Investor shall be entitled to such favorable terms.

### Agreements with key managerial personnel or a Director or Promoter or any other employee of the Company

There are no agreements entered into by a Key Managerial Personnel or Senior Management or Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

### Guarantees given by Promoter offering its shares in the Offer for Sale

Our Promoters are not issuing any shares by way of Offer for Sale.

### Other Material Agreements

Our Company has not entered into any other material agreements with strategic partners, joint venture partners and/or financial partners, other than in the ordinary course of business of our Company.

## **OUR SUBSIDIARY**

As on date of this Draft Red Herring Prospectus, our Company has does not have any subsidiaries.

## OUR MANAGEMENT

Our Articles of Association require us to have not less than three and not more than fifteen Directors. As on date of this Draft Red Herring Prospectus, we have six Directors on our Board, which includes, one Managing Director, two whole-time Director, one Non-Executive Director and two Non- Executive Independent Directors, one of whom is the woman director of our Company.

Set forth below, are details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
<p><b>Paramjit Singh Chatha</b></p> <p><b>DIN:</b> 01154225</p> <p><b>Date of Birth:</b> August 5, 1968</p> <p><b>Designation:</b> Managing Director</p> <p><b>Address:</b> H.No. 293, First Floor, Sector – 16 A Chandigarh – 160 015, India.</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> Period of 5 years with effect from September 11, 2023</p> <p><b>Period of Directorship:</b> Since October 9, 1997</p> <p><b>Nationality:</b> Indian</p>	55	<ol style="list-style-type: none"> <li>1. Chatha Financiers Private Limited</li> <li>2. Chatha Financial Services Private Limited</li> </ol>
<p><b>Iqbal Singh Chatha</b></p> <p><b>DIN:</b> 01472105</p> <p><b>Date of Birth:</b> April 14, 1956</p> <p><b>Designation:</b> Non-Executive Director and Chairman</p> <p><b>Address:</b> H. No. 273, Mota Singh Nagar, Jalandhar, 144 001, Punjab</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> Appointed with effect from September 11, 2023; Liable to retire by rotation</p> <p><b>Period of Directorship:</b> Since October 9, 1997</p> <p><b>Nationality:</b> Indian</p>	67	<ol style="list-style-type: none"> <li>1. JPGA Cold Storage Private Limited</li> <li>2. Chatha Financiers Private Limited</li> <li>3. Chatha Financial Services Private Limited</li> </ol>
<p><b>Gurcharan Singh Gosal</b></p> <p><b>DIN:</b> 01389179</p> <p><b>Date of Birth:</b> February 13, 1950</p> <p><b>Designation:</b> Whole-time Director</p> <p><b>Address:</b> SCF 305, Motor Market, Manimajra, Chandigarh – 160 101, India.</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> Period of 5 years with effect from September 11, 2023</p> <p><b>Period of Directorship:</b> Since October 1, 2001</p> <p><b>Nationality:</b> Canadian</p>	73	Nil
<p><b>Gurpreet Chatha</b></p> <p><b>DIN:</b> 01389143</p> <p><b>Date of Birth:</b> December 3, 1997</p> <p><b>Designation:</b> Whole-time Director</p> <p><b>Address:</b> 2009 Phase 10, Sector 64, SAS Nagar Mohali, Punjab 160 062, India.</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> Period of 5 years with effect from September 11, 2023</p> <p><b>Period of Directorship:</b> Since August 30, 2004</p>		Nil

Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality	Age (years)	Other Directorships
<b>Nationality:</b> Canadian <b>Purnachand Upadrashta</b>  <b>DIN:</b> 02644665  <b>Date of Birth:</b> February 15, 1957  <b>Designation:</b> Non-executive Independent Director  <b>Address:</b> B-104 Ridgewood Estate Dlf City Galleria Dlf-Iv Gurgaon-122 009,  <b>Occupation:</b> Business  <b>Term:</b> For a period of 5 years commencing from September 11, 2023  <b>Period of Directorship:</b> Since September 11, 2023  <b>Nationality:</b> Indian	66	Nil
<b>Chinmayee Swarup Deulgaonkar</b>  <b>DIN:</b> 08066568  <b>Date of Birth:</b> July 11, 1975  <b>Designation:</b> Non-executive Independent Director  <b>Address:</b> B-402, Krishna Towers, Atmaram Sawant Marg, Ashok Nagar, Kandiwali East, Mumbai -400 101, Maharashtra, India  <b>Occupation:</b> Business  <b>Term:</b> For a period of 5 years commencing from September 11, 2023  <b>Period of Directorship:</b> Since September 11, 2023  <b>Nationality:</b> Indian	48	1. Cert Id India Private Limited

#### Brief Biographies of our Directors

**Paramjit Singh Chatha**, aged 55 years, is the Managing Director and Promoter of our Company. He has been associated with our Company since inception and was elevated as the Managing Director of the Company with effect from April 1, 1998. He has completed his higher secondary education. He has over 25 years of experience in frozen and ready-to-eat processed food industry and has been actively involved in planning and formulating the overall business and commercial strategy and developing the Company's business. He is instrumental in the growth of our business and has developed vibrant relations with our customers. Under his leadership, our company has been successful in developing business operations.

**Iqbal Singh Chatha**, aged 67, is the Non-Executive Director and the Chairperson of our Company. He has been associated with the Company since its inception in the capacity of a Director. He holds a Bachelor of Arts degree from Panjab University, Chandigarh. He has approximately 40 years of work experience in agriculture activities and farming. His overall guidance has helped our Company to diversify its operations and activities.

**Gurcharan Singh Gosal**, aged 73 years, is the Executive Director of our Company. He has been associated with our Company since October 1, 2001 in the capacity of an Executive Director. He holds Bachelor of Arts degree in Economics from Panjab University, Chandigarh. He has approximately 47 years of work experience in the business of food and food related items. Prior to joining our Company, during the period from 1976 to 1994, he was the president of various food chains in Canada, like Gregory's Restaurant, Montreal, Tabagie S & R Montreal Limited, Restaurant La Bouche Ltd. etc. Presently, inter alia, he looks after the financial affairs of the Company in the capacity of a director.

**Gurpreet Chatha**, aged 43 years, is the Executive Director and Promoter of our Company. He has been associated with our Company since August 30, 2004 in the capacity of an Executive Director. He has completed his higher secondary education. He has around 20 years of experience in the frozen and ready-to-eat processed food industry and has been actively engaged in the purchase and supply chain section of the Company and is currently, inter alia, heading the purchase department in his capacity as a director.

**Purnachand Upadrashta**, aged 66 years, is the Non executive Independent Director of our Company. He has a postgraduate degree in food technology from University of Bomaby, with sound background in food processing & packing & has over 30 years of work experience in various capacities in the Indian food industry. Currently, operating in designing market appropriate business strategies and processes for food and agriculture companies, early-stage start-ups, growing mid stage companies to established global companies eyeing to enter Indian market through consulting, advising, and board service

**Chinmayee Swarup Deulgaonkar**, aged 48 years, is the Non executive Independent Director of our Company. Chinmayee Deulgaonkar has over 24 years of experience in the field of regulatory compliance, production, system and sustainability auditing, training. She has worked in various leadership roles with organizations like FoodChain ID India, DNV, Monginis. She is member of ISO/TC 34/SC 17 "Management Systems for Food Safety" Sub-committee for reviewing ISO 22003 technical specifications for food industry. She is FSSAI's national resource person for development of FOSTAC training programs and capacity development of food regulators. She was core committee member in writing IS 17453: 2020 Food Safety and Hygiene - Code of Practice for Food Businesses during Epidemic/Pandemic Situations with Specific Reference to COVID-19. Her international experience includes 50+ countries

## Confirmations

1. None of our Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Draft Red Herring Prospectus with the SEBI, during the term of his/ her directorship in such company.
2. Further, none of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.
3. None of our Directors have been identified as a wilful defaulter or a fraudulent borrower, as defined in the SEBI Regulations and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation are pending against them.
4. Neither Company nor our Directors are declared as fugitive economic offenders as defined in Regulation 2(1)(p) of the SEBI ICDR Regulations, and have not been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
5. None of our Directors have been debarred from accessing capital markets by the Securities and Exchange Board of India. Additionally, none of our Directors are or were, associated with any other company which is debarred from accessing the capital market by the Securities and Exchange Board of India.

## Relationship between our Directors

None of our Directors are related to each other.

## Arrangements and Understanding with Major Shareholders

None of our Key Managerial Personnel or Directors have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others pursuant to which of the directors was selected as a director or member of senior management.

## Payment or Benefit to officers of our Company

Except as stated otherwise in this Draft Red Herring Prospectus and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company's officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

## Borrowing Powers of our Board

Our Company has, pursuant to an Extra Ordinary General Meeting held on September 13, 2023, resolved that in accordance with the provisions of the Companies Act, 2013, our Board is authorised to borrow, from time to time, such sum or sums of moneys as the Board may deem fit for the purpose of the business of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), in excess to the aggregate of the paid – up capital of our Company and its free reserves, provided that the total amount of money/moneys borrowed by the Board of Directors and outstanding at one time shall not exceed ₹ 1,500 lakhs.

## Terms of appointment and remuneration of our Executive Directors

### *i. Terms of Appointment of Paramjit Singh Chatha*

Our Board of Directors in its meeting held on September 11, 2023 and our Shareholders in their extraordinary general meeting held on September 13, 2023 approved the appointment of Paramjit Singh Chatha as the Managing Director of our Company, for a period of five (5) with effect from September 11, 2023. The following table sets forth the terms of appointment:

<b>Basic Salary</b>	Basic - ₹ 2,50,000 per month H.R.A – 1,00,000 per month Conveyance – 1,50,000 per month
<b>Perquisites</b>	<ul style="list-style-type: none"><li>• Gratuity as per the rules of the Company. This perquisite shall not be included in the computation of the aforesaid ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</li><li>• The Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost.</li></ul>

### *ii. Terms of Appointment of Gurcharan Singh Gosal*

Our Board of Directors in its meeting held on September 11, 2023 and our Shareholders in their extraordinary general meeting held on September 13, 2023 approved the appointment of Gurcharan Singh Gosal as the Whole-time Director of our Company, for a period of five (5) with effect from September 11, 2023. The following table sets forth the terms of appointment:

<b>Basic Salary</b>	Basic - ₹ 40,275 per month H.R.A – 16,110 per month Conveyance – 24,165 per month
<b>Perquisites</b>	<ul style="list-style-type: none"><li>• Gratuity as per the rules of the Company. This perquisite shall not be included in the computation of the aforesaid ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</li><li>• The Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost.</li></ul>

### *iii. Terms of Appointment of Gurpreet Chatha*

Our Board of Directors in its meeting held on September 11, 2023 and our Shareholders in their extraordinary general meeting held on September 13, 2023 approved the appointment of Gurpreet Chatha as the Whole-time Director of our Company, for a period of five (5) with effect from September 11, 2023. The following table sets forth the terms of appointment:

<b>Basic Salary</b>	Basic - ₹ 60,0000 per month H.R.A – 24,000 per month Conveyance – 36,000 per month
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>• Gratuity as per the rules of the Company. This perquisite shall not be included in the computation of the aforesaid ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</li> <li>• The Perquisites shall be evaluated as per Income Tax Rules, wherever applicable, and in the absence of any such rules, perquisites shall be evaluated at actual cost.</li> </ul>

#### Remuneration details of our Directors

##### *i. Remuneration of our Executive Directors*

The aggregate value of the remuneration paid to the Executive Directors in Fiscal 2023 is as follows:

Sr. No.	Name of the Director	Remuneration (₹ in lakhs)
1.	Paramjit Singh Chatha	37.50
2.	Gurcharan Singh Gosal	9.66
3.	Gurpreet Chatha	14.40

As on date of this Draft Red Herring Prospectus, the Executive Director of our Company has not been paid sitting fee for attending meetings of our Board and the committees of the Board.

##### *ii. Sitting fee details of our Non- Executive Director and Independent Directors*

As on date of this Draft Red Herring Prospectus, our Company has not paid any sitting fees or remuneration to Iqbal Singh Chatha, the Non-Executive director.

#### Payment or benefit to Directors of our Company

Except as disclosed in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to our Executive Directors except the normal remuneration for services rendered as a Director of our Company. Additionally, there is no contingent or deferred compensation payable to any of our Directors.

#### Remuneration paid to our Directors by our Subsidiary

As on date of this Draft Red Herring Prospectus, we do not have a Subsidiary.

#### Loans to Directors

There are no loans that have been availed by the Directors from our Company that are outstanding as of the date of this Draft Red Herring Prospectus.

#### Shareholding of Directors in our Company

Except as stated below, none of our other Directors holds any Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus:

Name of Director	Number of Equity Shares	% of the pre-Issue Equity Share Capital
Paramjit Singh Chatha	2508533	15.17%
Gurpreet Chatha	3472277	21.00%
Iqbal Singh Chatha	2516000	15.22%
Gurcharan Singh Gosal	4139013	25.03%

#### Shareholding of Directors in our Subsidiaries

As on date of this Draft Red Herring Prospectus, we do not have a Subsidiary.

#### Interest of our Directors

Our Executive Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered as a Director of our Company and reimbursement of expenses, if any, payable to them. For details of remuneration paid to our Directors, see “*Terms of appointment and remuneration of our Executive Directors*” above.

Other than Paramjit Singh Chatha, Gurpreet Chatha, and Gurcharan Singh Chatha, none of our Directors have any interest in the promotion or formation of our Company.

Our Directors may also be regarded as interested to the extent of Equity Shares held by them in our Company, if any, details of which have been disclosed above under the heading “*Shareholding of Directors in our Company*”. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or kartas or coparceners or held by their relatives or that may be subscribed by or

allotted to the companies, firms, ventures, trusts in which they are interested as promoter, directors, partners, proprietors, members or trustees, pursuant to this Issue. Except as disclosed in “*Financial Information*” and “*Our Promoters and Promoter Group*” on page 104 and 98 respectively of this Draft Red Herring Prospectus, our Directors are not interested in any other company, entity or firm.

Our Promoters, Paramjit Singh Chatha, Gurpreet Chatha and Gurcharan Singh Gosal have provided personal guarantees for the working capital and term loan facilities availed by the Company. Further, the properties charged with the bank for the working capital and term loan availed by the Company, are owned by Paramjit Singh Chatha and Gurcharan Singh Gosal. For further details, please refer to the chapter titled “*Financial Indebtedness*” on page 106.

Except as stated in “*Restated Financial Statements - Notes to Financial Information- Note 29 – Related Party Transactions*” on page 109 of this Draft Red Herring Prospectus, our Directors do not have any other interest in the business of our Company.

#### **Common Pursuits**

As on date of this Draft Red Herring Prospectus, our Company does not have any Group Companies. Further none of our Directors are involved in any kind of business that is similar to the business our Company.

#### **Interest as to property**

As on date of this Draft Red Herring Prospectus, our Directors do not have any interest in any property acquired or proposed to be acquired by our Company or of our Company.

However as stated above, the properties charged with the bank for the working capital and term loan availed by the Company, are owned by Paramjit Singh Chatha, Managing Director & Promoter and Gurcharan Singh Gosal, Executive Director.

Our Promoter and Executive Director, Gurpreet Chatha has gratuitously allowed the Company to use property owned by him, located at 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India., as the registered office of our Company.

For further details please refer to the heading “*Our Properties*” in the chapter titled “*Our Business*” at page 66 of this Draft Red Herring Prospectus.

#### **Bonus or Profit Sharing Plan for our Directors**

None of our Directors are a party to any bonus or profit sharing plan.

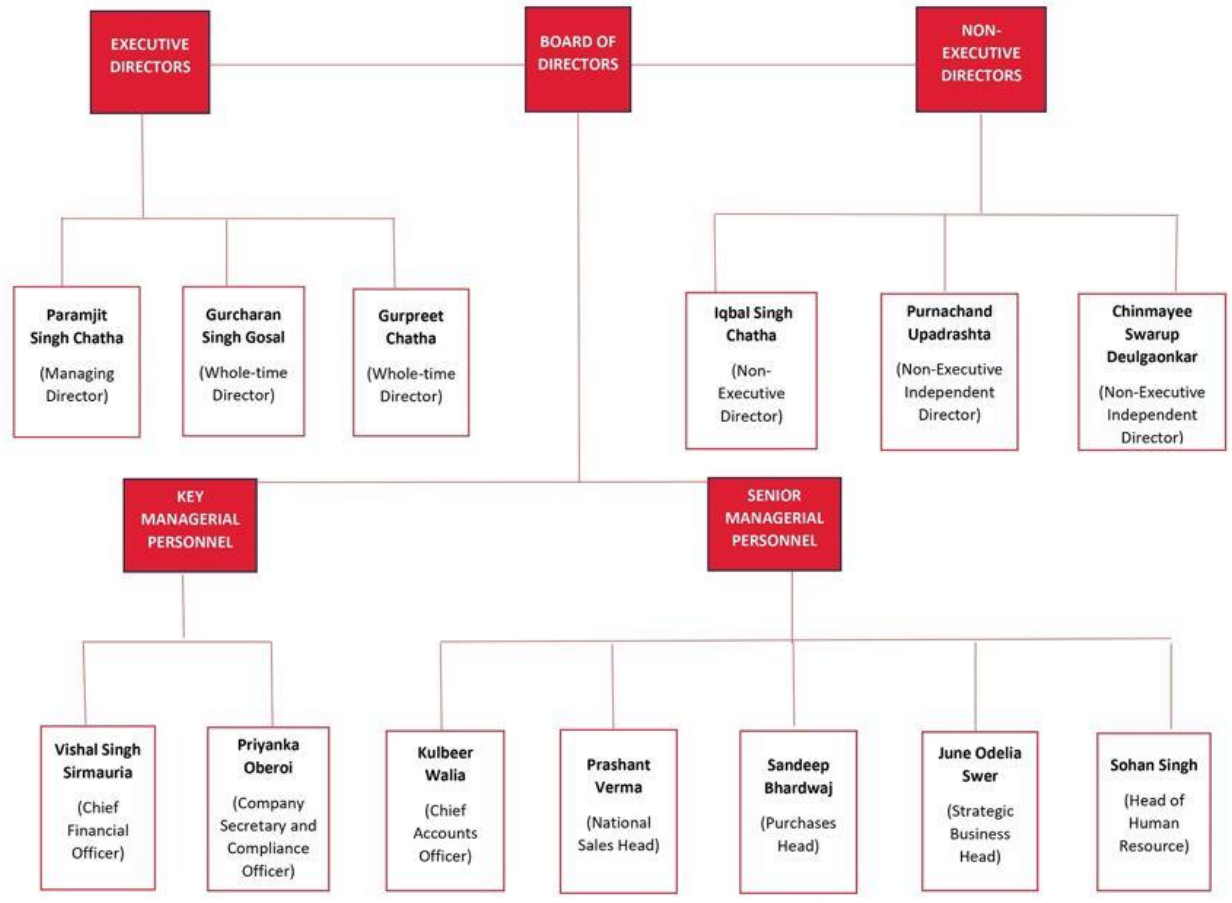
#### **Changes in our Board during the last three years**

Except as disclosed below, there have been no changes in our Board during the last three years.

<b>Name of Director</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>	<b>Reason</b>
Purnachand Upadrashta	September 11, 2023	-	Appointed as Non-executive Independent Director
Chinmayee Swarup Deulgaonkar	September 11, 2023	-	Appointed as Non-executive Independent Director

#### **Management Organization Structure**

Set forth is the management organization structure of our Company:





## Corporate Governance

In additions to the applicable provisions of the Companies Act, 2013 with respect to the Corporate Governance, provisions of the SEBI Listing Regulations will be applicable to our company immediately up on the listing of Equity Shares on the Stock Exchanges.

The requirements pertaining to constitution of the committees such as the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committees and Corporate Social Responsibility Committee have been complied with. Our Board undertakes to take all necessary steps to continue to comply with all the requirements of Listing Regulations and the Companies Act, 2013.

Our Board has been constituted in compliance with the Companies Act, 2013 and in accordance with the best practices in corporate governance. Our Board functions either as a full board or through various committees constituted to oversee specific operational areas.

### Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

- a) Audit Committee;
- b) Stakeholders' Relationship Committee;
- c) Nomination and Remuneration Committee; and
- d) Corporate Governance Committee
- e) IPO Committee.

#### a. Audit Committee

Our Audit Committee was constituted pursuant to a resolution passed at the Board Meeting dated September 11, 2023 and with the following members forming a part of the said Committee:

Name of the Director	Position in the Committee	Nature of Directorship
Purnachand Upadrashta	Chairperson	Non-Executive Independent Director
Chinmayee Swarup Deulgaonkar	Members	Non-Executive Independent Director
Iqbal Singh Chatha	Members	Non-Executive Director

The Audit Committee is in compliance with Section 177 of the Companies Act 2013 and Regulation 18 of the SEBI LODR Regulations. The Company Secretary shall act as the secretary of the Audit Committee.

The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

#### A. Powers of Audit Committee

The Audit Committee shall have the following powers:

- To investigate any activity within its terms of reference;
- To seek information from any employee;
- To obtain outside legal or other professional advice; and
- To secure attendance of outsiders with relevant expertise, if it considers necessary

#### B. Role of the Audit Committee

The role of the audit committee shall include the following:

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Modify opinion(s) in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval of any subsequent modification of transactions of the company with related parties;

9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. Reviewing the functioning of the whistle blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. Reviewing the utilization of loans and/ or advances from/ investment by the Company in its subsidiary(ies) exceeding rupees 100 crore or 10% of the asset size of the respective subsidiary(ies), whichever is lower including existing loans/ advances/ investments.”

Further, the Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- statement of deviations:
  - (A) quarterly statement of deviation(s), submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended from time to time.
  - (B) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended from time to time.

As required under the SEBI Listing Regulations, the Audit Committee shall meet at least four times a year with maximum interval of four months between two meetings and the quorum for each meeting of the Audit Committee shall be two members or one third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

#### **b. Stakeholders' Relationship Committee**

Our Stakeholder' Relationship Committee was constituted on September 11, 2023. The members of the said Committee are as follows:

<b>Name of the Director</b>	<b>Position in the Committee</b>	<b>Nature of Directorship</b>
Iqbal Singh Chatha	Chairperson	Non-Executive Director (Chairman)
Purnachand Upadrashta	Member	Non-Executive Independent Director
Paramjit Singh Chatha	Member	Managing Director

The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI LODR Regulations. The Company Secretary shall act as the secretary of the Stakeholders' Relationship Committee.

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations and the terms of reference, powers and scope of the Stakeholders' Relationship Committee of our Company include:

- Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company; and
- Carrying out any other function contained in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as and when amended from time to time

As required under the SEBI LODR Regulations, the Stakeholders Relationship Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the security holders. The quorum of the meeting shall be either two members or one third of the members of the committee whichever is greater.

**c. Nomination and Remuneration Committee**

Our Nomination and Remuneration Committee was constituted on September 11, 2023 with the following members:

Name of the Director	Position in the Committee	Nature of Directorship
Purnachand Upadrashta	Chairperson	Non-Executive Independent Director
Chinmayee Swarup Deulgaonkar	Member	Non-Executive Independent Director
Iqbal Singh Chatha	Member	Non-Executive Director

The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 19 of the SEBI LODR Regulations. The Company Secretary shall act as the secretary of the Nomination and Remuneration Committee.

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and SEBI LODR Regulations and the terms of reference, powers and role of our Nomination and Remuneration Committee are as follows:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
  - Formulation of criteria for evaluation of independent directors and the Board;
  - Devising a policy on Board diversity; and
  - Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
  - whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent each is applicable; or
  - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
- Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.
- Recommending to the Board, all remuneration, in whatever form, payable to senior management of the Company

As required under the SEBI LODR Regulations, the Nomination and Remuneration Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the shareholders. The quorum for each meeting of the said committee shall be either two members or one-third of the members of the committee whichever is greater, including at least one independent director in presence.

**d. IPO Committee**

Our IPO Committee was constituted pursuant to resolution of our Board of Directors dated September 11, 2023. The members of the said Committee are as follows

Name of the Director	Position in the Committee	Nature of Directorship
Paramjit Singh Chatha	Chairperson	Managing Director
Iqbal Singh Chatha	Member	Non-Executive Director
Purnachand Upadrashta	Member	Non-Executive Independent Director

The Company Secretary shall act as the secretary of the IPO Committee.

The terms of reference of the IPO Committee include the following:

- Approving amendments to the memorandum of association and the articles of association of the Company;
- Approving all actions required to dematerialize the Equity Shares, including seeking the admission of the Equity Shares into the Central Depository Services (India) Limited (the “CDSL”) and the National Securities Depository Limited (the “NSDL”);
- Finalizing and arranging for the submission of the DRHP, the RHP, the Prospectus and the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, to appropriate government and regulatory authorities, institutions or bodies;
- Approving a code of conduct as may be considered necessary by the Board or the IPO Committee or as required under Applicable Laws for the Board, officers of the Company and other employees of the Company;
- Issuing advertisements as it may deem fit and proper in accordance with Applicable Laws;
- Approving suitable policies, including on insider trading, whistle blower/vigil mechanism, risk management and other corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws in connection with the Issue;

- Deciding on the size and all other terms and conditions of the Issue and/or the number of Equity Shares to be offered and transferred in the Issue, including any Pre-IPO Placement, Reservation, Green Shoe Option and any rounding off in the event of any oversubscription as permitted under Applicable Laws;
- Taking all actions as may be necessary or authorized in connection with the Issue;
- Appointing and instructing book running lead managers, lead managers, syndicate members, placement agents, bankers to the Issue, the registrar to the Issue, bankers of the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsels, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue and whose appointment is required in relation to the Issue, including any successors or replacements thereof;
- Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in Rupees or in any other currency, in accordance with Applicable Laws;
- Entering into agreements with, and remunerating all such book running lead managers, lead managers, syndicate members, placement agents, bankers to the Issue, the registrar to the Issue, bankers to the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsels, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies, and all other agencies or persons as may be involved in or concerned with the Issue, including any successors or replacements thereof, by way of commission, brokerage, fees or the like;
- Seeking the listing of the Equity Shares on the Stock Exchanges, submitting listing applications to the Stock Exchanges and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreements with the Stock Exchanges;
- Seeking, if required, the consent of the Company's lenders and lenders of its subsidiaries, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue;
- Submitting undertaking/certificates or providing clarifications to the SEBI and the Stock Exchanges;
- Determining the price at which the Equity Shares are offered and transferred to investors in the Issue in accordance with Applicable Laws, in consultation with and the book running lead manager(s) and/or any other advisors, and determining the discount, if any, proposed to be offered to eligible categories of investors;
- Determining the price band and minimum lot size for the purpose of bidding, any revision to the price band and the final Issue price after bid closure;
- Determining the bid opening and closing dates;
- Finalizing the basis of allocation and transfer of Equity Shares to retail investors/non-institutional investors/qualified institutional buyers and any other investor in consultation with the book running lead managers, the Stock Exchanges and/or any other entity;
- Approving/taking on record the transfer of the Equity Shares;
- Opening with the bankers to the Issue, escrow collection banks and other entities such accounts as are required under Applicable Laws;
- To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
- Severally authorizing any Directors and/ or Company Secretary (each, an “**Authorized Officer**”), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer considers necessary, desirable or expedient, in connection with the Issue, including, without limitation, engagement letters, memoranda of understanding, the listing agreements with the stock exchanges, the registrar's agreement, the depositories' agreements, the issue agreement with the book running lead managers (and other entities as appropriate), the underwriting agreement, the syndicate agreement, the cash escrow agreement, the share escrow agreement, confirmation of allocation notes, the advertisement agency agreement and any undertakings and declarations, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Issue, the book running lead manager(s), lead manager(s), syndicate members, placement agents, bankers to the Issue, registrar to the Issue, bankers of the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies, and all such persons or agencies as may be involved in or concerned with the Issue including any successors or replacements thereof; and any such agreements or documents so executed and delivered and acts, deeds, matters and things done by any such Authorized Officer shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing;
- Severally authorizing the Authorized Officers to take any and all action in connection with making applications, seeking clarifications and obtaining approvals (or entering into any arrangement or agreement in respect thereof) in connection with the Issue, including, without limitation, applications to, and clarifications or approvals from the Government of India, the RBI, the SEBI, the RoC, and the Stock Exchanges and that any such action already taken or to be taken is hereby ratified, confirmed and/or approved as the act and deed of the Authorized Officer and the Company, as the case may be;
- Severally authorizing the Authorized Officers, for and on behalf of the Company, to execute and deliver any and all documents, papers or instruments and to do or cause to be done any and all acts, deeds, matters or things as any such Authorized Officer may deem necessary, desirable or expedient in order to carry out the purposes and intent of the foregoing resolutions or the Issue; and any documents so executed and delivered or acts, deeds, matters and things done or caused to be done by any such Authorized Officer shall be conclusive evidence of the authority of such Authorized Officer and the Company in so doing and any such document so executed and delivered or acts, deeds, matters and things done or caused to be done by any such Authorized Officer prior to the date hereof are hereby ratified, confirmed and approved as the act and deed of the Authorized Officer and the Company, as the case may

be; and

- Executing and delivering any and all documents, papers or instruments and doing or causing to be done any and all acts, deeds, matters or things as the IPO Committee may deem necessary, desirable or expedient in order to carry out the purposes and intent of the foregoing resolutions or the Issue; and any documents so executed and delivered or acts, deeds, matters and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.”

#### **Our Key Managerial Personnel and Senior Management**

In addition to our Managing Director whose details have been provided under paragraph above titled ‘Brief Biographies of our Directors’, set forth below are the details of our Key Managerial Personnel and Senior Management as on the date of filing of this Draft Red Herring Prospectus:

**Vishal Singh Sirmauria**, aged 31 years, is the Chief Financial Officer of our Company. He joined our Company on June 1, 2019 and was re-designated as the Chief Financial Officer of our Company with effect from September 15, 2023. He has a bachelor's degree in commerce from Himachal Pradesh University and is a semi qualified Cost & Management Accountant. He has approximately 9 years of experience in the field of finance, accounting & operations management. Prior to joining our Company, he has worked as a trainee with the Steel Authority of India. He received a remuneration of ₹ 7.79 lakhs in Fiscal 2023 from our Company.

**Priyanka Oberoi**, aged 38 years, is the Company Secretary and Compliance Officer of our Company. She is an associate member of the Institute of Company Secretaries of India. She has over 6 years of experience in secretarial compliances. Prior to joining our Company she had worked at Sonalika Group and GNA Group. She is responsible for handling secretarial matters of our Company and was appointed with effect from September 15, 2023.

All our Key Managerial Personnel are permanent employees of our Company.

#### **Our Senior Management**

In addition to the Chief Financial Officer and the Company Secretary and Compliance Officer of our Company, whose details are provided in “Key Managerial Personnel” above, the details of our Senior Management as on the date of this Red Herring Prospectus are as follows:

**Kulbeer Walia**, aged 56 years, is the Chief Accounts Officer of our Company. He has been associated with our Company since its inception. He holds a bachelor's degree in commerce from Guru Nanak Dev University and is a semi qualified Chartered Accountant. He has over 26 years of experience in the field of accounts and finance, corporate governance, regulatory framework for food processing industry and fund raising. He received a remuneration of ₹ 22.25 lakhs in Fiscal 2023 from our Company.

**Prashant Verma**, aged 46 years, is the National Sales Head of our Company. He joined our Company on July 3, 2015. He has a bachelors degree of science in Electronics and a masters degree in business administration from Kurukshetra University. He has an experience of about 20 years in the field of HoReCa and retails sales. Prior to joining our Company, he had worked with Zydus Wellness, Parle Agro, Nutrine Confectionery Company Limited and Godfrey Phillips India Limited. He received a remuneration of ₹ 23.07 lakhs in Fiscal 2023 from our Company.

**Sandeep Bhardwaj**, aged 52 years, is the Purchases Head of our Company. He joined our Company on May 17, 2004. He has graduated from SD Collage -Punjab University. He has an experience of over 31 years in stores, supply chain & procurement. Prior to joining our Company, he had worked with Agro Dutch Industries Ltd. He received a remuneration of ₹ 17.94 lakhs in Fiscal 2023 from our Company.

**June Odelia Swer**, aged 45 years, is the Strategic Business Head of our Company. She joined our Company on May 13, 2006. She has completed her Master of Science degree in Food Technology from Central Food Technological Research Institute (‘CFTRI’). She has over 17 years of experience in the food processing industry. Prior to joining our Company, she had worked at the Indian Council of Agricultural Research (‘ICAR’). She has received a remuneration of ₹ 18.03 lakhs in Fiscal 2023 from our Company.

**Sohan Singh**, aged 43 years, is the Head of Human Resource of our Company. He joined our Company on July 16, 2010. He holds a bachelor's degree in commerce from Kurukshetra University and has a master's degree in business administration from Eillam University. He has over 18 years of experience in the field of human resource development. Prior to joining our Company, he had worked with Hindustan Unilever Limited. She has received a remuneration of ₹ 9.43 lakhs in Fiscal 2023 from our Company.

All our Senior Management are permanent employees of our Company.

#### **Relationship of Key Managerial Personnel and Senior Management with our Directors, Promoter and / or other Key Managerial Personnel/ Senior Management**

None of our Key Managerial Personnel and Senior Management are related to any of our Directors or other Key Managerial Personnel or Senior Management.

#### **Shareholding of the Key Managerial Personnel and Senior Management**

Our Key Managerial Personnel and Senior Management do not hold equity shares of our Company as on date of this Draft Red Herring Prospectus.

#### **Bonus or Profit Sharing Plan for our Key Managerial Personnel and Senior Management**

None of our Key Managerial Personnel or Senior Management is a party to any bonus or profit sharing plan.

#### **Payment or benefit to Key Managerial Personnel and Senior Management of our Company**

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the Key Managerial Personnel except the normal remuneration for services rendered by them. Additionally, there is no contingent or deferred compensation payable to any of our Key Managerial Personnel.

#### **Interest of Key Managerial Personnel and Senior Management**

None of our Key Managerial Personnel or Senior Management have any interest in our Company other than to the extent of the remuneration, equity shares held by them, if any, or benefits to which they are entitled by our Company as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Further, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel and Senior Management have been appointed.

#### **Changes in Key Managerial Personnel and Senior Management in the Last Three Years**

Set forth below, are the changes in our Key Managerial Personnel and Senior Management in the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus:

<b>Name</b>	<b>Designation</b>	<b>Date of Change</b>	<b>Reason</b>
Navit Kumar	Company Secretary	July 31, 2023	Resignation as Company Secretary due to unavoidable circumstances
Nidhi Kandwal	Company Secretary	August 1, 2023	Appointed as Company Secretary
Nidhi Kandwal	Company Secretary	September 14, 2023	Resignation as Company Secretary due to unavoidable circumstances
Vishal Singh Sirmauria	Chief Financial Officer	September 15, 2023	Appointed as Chief Financial Officer
Priyanka Oberoi	Company Secretary	September 15, 2023	Appointed as Company Secretary

The attrition of the key management personnel is as per the industry standards

#### **Employees' Stock Option Plan**

As on date of this Draft Red Herring Prospectus, our Company does not have any employee stock option plan or purchase schemes for our employees.

#### **Loans taken by Directors / Key Management Personnel**

Our Company has not granted any loans to the Directors or Key Management Personnel or Senior Management as on the date of this Draft Red Herring Prospectus.

## OUR PROMOTERS AND PROMOTER GROUP

### Our Promoters

The Promoters of our Company are:

1. Paramjit Singh Chatha
2. Gurpreet Chatha
3. Gurcharan Singh Gosal
4. Anmoldeep Singh

As on the date of this Draft Red Herring Prospectus, Paramjit Singh Chatha, Gurpreet Chatha, Gurcharan Singh Gosal and Anmoldeep Singh together hold 1,06,07,023 Equity Shares, representing 64.15 % of the issued, subscribed and paid-up Equity Share capital of our Company.

For details on shareholding of our Promoters in our Company, please see the section titled “*Capital Structure–Build-up of the Promoters*” shareholding in our Company on page 40.

### Details of our Promoters

	<p><b>PARAMJIT SINGH CHATHA</b></p> <p>Paramjit Singh Chatha, aged 55 years, is the Promoter and Managing Director of our Company.</p> <p>For the complete profile of Paramjit Singh Chatha, along with details of his date of birth, address, educational qualifications, experience in business or employment, position/ posts held in the past, directorships held, other ventures, special achievements and business and financial activities, see “<i>Our Management – Brief Biographies of our Directors</i>” on page 87.</p> <p><b>Permanent account number:</b> ACYPC0649P</p>
	<p><b>GURPREET CHATHA</b></p> <p>Gurpreet Chatha, aged 43 years, is the Promoter and Executive Director of our Company.</p> <p>For the complete profile of Gurpreet Chatha, along with details of his date of birth, address, educational qualifications, experience in business or employment, position/ posts held in the past, directorships held, other ventures, special achievements and business and financial activities, see “<i>Our Management – Brief Profiles of our Directors</i>” on page 87.</p> <p><b>Permanent account number:</b> AEXPC6375B</p>
	<p><b>GURCHARAN SINGH GOSAL</b></p> <p>Gurcharan Singh Gosal, aged 73 years, is the Promoter and Executive Director of our Company.</p> <p>For the complete profile of Gurcharan Singh Gosal, along with details of his date of birth, address, educational qualifications, experience in business or employment, position/ posts held in the past, directorships held, other ventures, special achievements and business and financial activities, see “<i>Our Management – Brief Profiles of our Directors</i>” on page 87.</p> <p><b>Permanent account number:</b> AFHPG1190B</p>
	<p><b>ANMOLDEEP SINGH</b></p> <p>Anmoldeep Singh, aged 47 years, is the Promoter of our Company.</p> <p>He has completed his higher secondary education. He has over 17 years of experience in Sales. He is also a director in Chatha Financial Services Private Limited.</p> <p><b>Permanent account number:</b> AFMPS5735H  <b>Nationality:</b> Indian  <b>Date of birth:</b> February 29, 1976  <b>Address:</b> Gunachaur, Nawanshahr, Punjab – 144 511, India.</p>

Our Company confirms that the permanent account number, bank account number, passport number, Aadhar card number and driving license of our Promoters shall be submitted to the Stock Exchange at the time of filing this Draft Red Herring Prospectus.

### Other Ventures of our Promoter

The ventures in which our Promoters is involved in are as follows:

#### a) Paramjit Singh Chatha

Name of the Venture	Nature of Interest
Chatha Financiers Private Limited	Director and shareholder holding of 18.94 % of the equity share capital
Chatha Financial Services Private Limited	Director and shareholder holding of 19.26 % of the equity share capital

#### b) Gurpreet Chatha

Name of the Venture	Nature of Interest
Chatha Financiers Private Limited	Shareholder holding of 17.38 % of the equity share capital
Chatha Financial Services Private Limited	Shareholder holding of 16.82 % of the equity share capital

#### c) Gurcharan Singh Gosal

Name of the Venture	Nature of Interest
Nil	Nil

#### d) Anmoldeep Singh

Name of the Venture	Nature of Interest
Chatha Financial Services Private Limited	Director and shareholder holding of 3.31 % of the equity share capital
Chatha Financiers Private Limited	Shareholder holding of 3.28 % of the equity share capital

### Change in Control of our Company

The control of our Company has not been acquired during the five years immediately preceding this Draft Red Herring Prospectus. Our present Promoters form part of the original Promoters of our Company. However certain of our erstwhile shareholders forming part of the Promoter category have transferred their entire shareholding by way of gift as recorded by our Board in its meeting held on August 23, 2023, to Paramjit Singh Chatha, our Promoter and Iqbal Singh Chatha, our Non-Executive Director.

Pursuant to the above transfer and resolution passed by our Board at its meeting held on September 8, 2023, the remaining shareholders forming part of the Promoter category, namely, Iqbal Singh Chatha, Manjit Chatha, Gursimar Singh Chatha, Irina Chatha and Namrata Kaur Gurm were re-classified as shareholders of our Company in the Public category.

For further details, please refer to “*Capital Structure- Details of Build-up of our Promoter’s shareholding*” on page 40 and “*Details of Promoters and Promoter Group*” in the History Chapter on page 98.

Additionally, our Promoters may be interested in transactions entered into by our Company with other entities (i) in which our Promoters hold shares, or (ii) controlled by our Promoters. For further details, see “*Restated Financial Information - Related Party Transactions*” on page.

### Experience of our Promoter in the business of our Company

For details in relation to experience of our Promoters in the business of our Company, please refer to the chapter titled “*Our Management*” beginning on page 86 and

### Interest of our Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding in our Company and the dividends payable, if any, and any other distributions in respect of their shareholding in our Company or the shareholding of their relatives in our Company. Further, Paramjit Singh Chatha, Gurpreet Chatha and Gurcharan Singh Gosal are also interested in the Company as Executive Directors and may be deemed to be interested to the extent of their terms of appointment as such, including in relation to remuneration or commission payable to them, as applicable.

Our Promoters, Paramjit Singh Chatha, Gurpreet Chatha and Gurcharan Singh Gosal have provided personal guarantees for the working capital and term loan facilities availed by the Company. Further, the properties charged with the bank for the working capital and term loan availed by the Company, are owned by Paramjit Singh Chatha and Gurcharan Singh Gosal. For further details, please refer to the chapter titled “*Financial Indebtedness*” on page 107.

Our Promoter and Executive Director, Gurpreet Chatha has gratuitously allowed the Company to use property owned by him, located at 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India., as the registered office of our Company.

For details of the shareholding and directorships of our Promoters in our Company, please refer to the chapter titled “*Capital Structure*”, “*Our Management*” and “*Related Party Transactions*” beginning on page 36, 86 and 109, respectively of this Draft Red Herring Prospectus.

Except as provided below, Our Promoters have no interest, whether direct or indirect, in any property acquired by our Company within the preceding three years from the date of this Draft Red Herring Prospectus or proposed to be acquired by it, or in any transaction by our Company with respect to the acquisition of land, construction of building or supply of machinery, etc.

### Payment or benefits to our Promoters and Promoter Group during the last two years

Except as stated in this chapter and the benefits mentioned in the related party transactions as per AS-18 there has been no payment of any amount of benefits to our Promoters or the members of our Promoter Group during the last two years from the date of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter group as on the date of this Draft Red Herring Prospectus. For further details, please refer to the chapter titled “*Related Party Transactions*” on page 109 of this Draft Red Herring Prospectus.

### Common Pursuits



Our Company does not have any Group Companies as on date of this Draft Red Herring Prospectus. Further, none of our Promoters are involved in a similar line of business as the Company.

#### **Litigations involving our Promoter**

Our Promoters are not involved in any litigation as on date of this Draft Red Herring Prospectus.

#### **Material Guarantees**

As on the date of this Draft Red Herring Prospectus, our Promoters have not given any material guarantee to any third party with respect to the Equity Shares.

#### **Details of Companies / Firms from which our Promoter has disassociated in the last three years**

Our Promoters have not disassociated themselves from any company/firm during the three years preceding this Draft Red Herring Prospectus.

#### **Our Promoter Group**

In addition to our Promoter, the following individuals and entities form part of our Promoter Group in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations:

##### **A. Individuals forming part of the Promoter Group:**

<b>Sr. No</b>	<b>Name of the Promoter</b>	<b>Name of the member of Promoter Group</b>	<b>Relationship with the Promoter</b>
1.	<b>Paramjit Singh Chatha</b>	Sandeep Kaur Chatha	Spouse
		Raghujit Kaur	Sister
		Harinder Kaur	Sister
		Bikramjeet Singh Chatha	Son
		Surjit Singh Kang	Spouse's Father
		Jagmohan Singh Kang	Spouse's Brother
		Manmohan Singh Kang	Spouse's Brother
2.	<b>Gurpreet Chatha</b>	Dalwinder Singh Chatha	Adoptive Father
		Joginder Kaur	Adoptive Mother
		Harbhajan Singh Chatha	Biological Father
		Joginder Kaur	Biological Mother
		Namrata Kaur Gurm	Spouse
		Irina Chatha	Daughter
		Kabir Singh Chatha	Son
		Balraj Kaur	Spouse's mother
3.	<b>Gurcharan Singh Gosal</b>	Balbir Singh Gurm	Spouse's Father
		Karam Kaur	Mother
		Gurpal Gosal	Spouse
		Arunjeet Gosal	Daughter
		Karanvir Gosal	Son
		Gurmeet Kaur	Spouse's mother
		Sawran Singh	Spouse's Father
		Sher Singh	Spouse's Brother
4.	<b>Anmoldeep Singh</b>	Balbir Singh	Spouse's Brother
		Mandhir Singh	Father
		Dalbir Kaur	Mother
		Rubinderjot Kaur	Spouse
		Sapangeet Grewal	Sister
		Karman Kaur	Daughter
		Karanpartap Singh	Son
		Sukhbir Kaur	Spouse's mother
Lakhwinder Singh Dhillon	Spouse's Father		
		Gurjodh Singh	Spouse's Brother

##### **B. Entities forming part of the Promoter Group:**

<b>Sr. No.</b>	<b>Nature of Relationship</b>	<b>Entity</b>
1.	Any Body Corporate in which 20% or more of the share capital is held by the Promoter or an immediate relative of the Promoter or a firm or HUF in which the Promoter or any one or more of his immediate relatives is a member	Nil
2.	Any Body Corporate in which a body corporate as provided in (1) above holds twenty per cent. or more, of the equity share capital; and	Nil
3.	Any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. of the total capital;	Nil

#### **Other Confirmations**

None of our Promoters and Promoter Group have been declared as wilful defaulters or a fraudulent borrower by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Our Promoter have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Promoters have been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoters and members of the Promoter Group are not and have never been promoter, directors or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoter. You may refer chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 115 of this Draft Red Herring Prospectus.

## OUR GROUP COMPANIES

As on date of this Draft Red Herring Prospectus, our Company does not have any Group Companies.

In accordance with the SEBI ICDR Regulations, for the purpose of identification of 'group companies', group companies shall mean (i) such companies (other than our Promoter and Subsidiaries) with which there were related party transactions during the period for which Audited Restated Financial Information have been disclosed in this Draft Red Herring Prospectus, as covered under the applicable accounting standards; and (ii) any other companies which are considered material by our Board in accordance with the Materiality Policy.

Our Company does not have related party transactions with any companies in Fiscal 2023, 2022 and 2021. Further in terms of Materiality Policy for determination of group companies, adopted by our Board in their meeting held on September 11, 2023, our Board has not considered any company as a material group company. For further details, please refer *Note 29* on Related Party Transactions.

## **DIVIDEND POLICY**

As on the date of this Draft Red Herring Prospectus, our Company does not have a formal dividend policy. Further, the Company has not declared dividends to its members since inception. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association and the applicable laws including the Companies Act, 2013 together with the applicable rules issued thereunder.

Further, our shareholders may not expect dividend in certain circumstances including growth opportunities which require our Company to allocate a significant amount of capital, in the event of a higher working capital requirement for business operations or otherwise, inadequacy of cashflow available for distribution, inadequacy or absence of profits, utilization of surplus cash for buyback of securities or setting off previous year losses, prohibition to declare dividend by any regulatory body and other factors which may be considered relevant by the Board.

**SECTION V – FINANCIAL INFORMATION**

**RESTATED FINANCIAL INFORMATION**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Page No.</b>
1.	Restated Financial Statements	F-1 to F-32

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To,  
The Board of Directors  
Chatha Foods Limited

Dear Sirs,

- 1) We have examined the attached Restated Financial Information of **Chatha Foods Limited** (Formerly known as **Chatha Foods Private Limited**) (the “**Company**”) comprising the Restated Statement of Assets and Liabilities as at March 31 2023, 2022 and 2021, the Restated Statements of Profit and Loss and the Restated Cash Flow Statement for the years ended March 31 2023, 2022 and 2021, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively referred to as, the “**Restated Financial Information**”), as approved by the Board of Directors of the Company at their meeting held on 29<sup>th</sup> September 2023 for the purpose of inclusion in the Draft Red Herring Prospectus prepared by the Company in connection with its proposed Initial Public Offer of equity shares (“**IPO**”) on **BSE SME platform of Bombay Exchange of India Limited (“BSE”)**.

The Restated Summary Statement have been prepared in terms of the requirements of:

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “**Act**”);
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“**ICAI**”), as amended from time to time (the “**Guidance Note**”).
- 2) The Company’s Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Draft Red Herring Prospectus to be filed with Securities and Exchange Board of India, BSE and Registrar of Companies, Chandigarh in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure to the Restated Financial Information. The responsibility of the Board of Directors of company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
- 3) We have examined such Restated Financial Information taking into consideration:
    - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated September 9, 2023 in connection with the proposed IPO of equity shares of the **Chatha Foods Limited** (the “**Issuer Company**”) on SME platform of BSE;



- b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - d) Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.
- 4) These Restated Financial Information have been compiled by the management from:
- a. Audited Financial Statements of the Company for the year ended on 31st March 2023, 31st March 2022 and 31st March 2021 prepared in accordance with Accounting Standard as prescribed under section 133 of the Act and other accounting principles generally accepted in India, which has been approved by the Board of Directors at their meeting held on 8th September 2023, 29th September 2022 and 30th November 2021 respectively.
- 5) For the purpose of our examination, we have relied on:
- a. Un-Modified Auditors' Report issued by the Previous Auditors dated 8th September 2023, 29th September 2022 and 30th November 2021 on the financial statements of the Company as at and for the years ended 31st March 2023, 2022 and 2021 respectively as referred in Paragraph 4(a) above.  
The Audit for the financial years ended 31st March 2023, 2022 and 2021 were conducted by the Company's previous auditors Walker Chandok & Co. LLP, Chartered Accountants ("the Previous Auditor) who have resigned from the post of Statutory Auditors of the company in terms of their letter dated 8<sup>th</sup> Sep 2023, In accordance with the said resignation the Previous auditor were not in the position to examine the Restated Statement of Assets and Liabilities and the Restated Statements of Profit and Loss and Cash flow Statements, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the Audited Financial Information) . We have performed adequate procedures to restate the Financial Information for the said years. The Examination Report included for the said years is based solely on the report submitted by the Previous Auditor.
- 6) There were no qualifications in the Audit Reports issued by the previous auditor as at and for the years ended on 31st March 2023, 2022 and 2021 which would require adjustments in this Restated Financial Information of the Company.
- 7) 7. Based on our examination and according to the information and explanations given to us, we report that:
- a. As per information & Explanation given to us there are no changes in accounting policies in financial years 2022-23 that will require adjustment to financial statements of other reporting period.
  - b. The Restated Summary Statements do not require any adjustments for the matter(s) giving rise to modifications mentioned in paragraph 6 above.



- c. The Restated Summary Statements have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
  - d. The Restated Summary Statements have been made after incorporating adjustments for prior period and other material amounts in the respective financial years to which they relate, if any and there are no qualifications which require adjustments;
  - e. Extra-ordinary items that need to be disclosed separately in the accounts has been disclosed wherever required;
  - f. There was no change in accounting policies, which need to be adjusted in the Restated Summary Statement. Classification of Certain disclosure line items have been changed in other reporting periods to bring the same in line with classification made as per audited financials statements of year ended 31<sup>st</sup> March 2023, however the same has no impact on overall net profit / loss of the company for the respective years.
  - g. the Company has not declared and paid any dividend since incorporation.
- 8) We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company as at and for the years ended on March 31, 2023, 2022 and 2021 proposed to be included in the Draft Red Herring Prospectus.

Sr No.	Particulars
1	Financial Statement of Assets & Liabilities as Restated
2	Financial Statement of Profit & Loss as Restated
3	Financial Statement of Cash Flow as Restated
4	Significant Accounting Policy and Notes to the Restated Summary Statements
5	Adjustments made in Restated Financial Statements / Regrouping Notes
6	Statement of Share Capital as restated
7	Statement of Reserves & Surplus as Restated
8	Statement of Long-Term Borrowings as Restated
9	Statement of Long-Term Provisions as Restated
10	Statement of Short-Term Borrowings as Restated
11	Statement of Trade Payable as Restated
12	Statement of Other Current Liabilities as Restated
13	Statement of Short-Term Provisions as Restated
14	Statement of Property, Plant & Equipment and Depreciation as Restated
15	Statement of Non-Current Investments as Restated
16	Statement of Deferred Tax Assets (Net) as Restated
17	Statement of Long-Term Loans and Advances as Restated
18	Statement of Other Non-Current Assets as Restated
19	Statement of Trade Receivables as Restated





20	Statement of Cash & Bank Balances as Restated
21	Statement of Other Current Assets as Restated
22	Statement of Revenue from Operations as Restated
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35	Statement of Capitalisation Statement as Restated

- 9) We, **A Bafna & Co.**, Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate issued by the “**Peer Review Board**” of the ICAI.
- 10) The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the Special Purpose Financial Statements and Audited Financial Statements mentioned in paragraph 5 above.
- 11) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 12) We have no responsibility to update our report for events and circumstances occurring after the date of the report.

**A.Bafna & Co.**  
**Chartered Accountants**



**K-2 Keshav Path,  
Near Ahinsa Circle,  
C-Scheme , Jaipur – 302001  
Tel: (0141) – 2372572,  
2375212, 2373873**

13) Our report is intended solely for use of the Board of Directors for inclusion in the Draft Red Herring Prospectus to be filed with Securities and Exchange Board of India, the stock exchanges and Registrar of Companies, Chandigarh in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For A. Bafna & Co.**  
**Chartered Accountants**  
Firm Registration No.:003660C

CA Vivek Gupta  
Partner  
Membership No: 400543  
Place: Jaipur  
Date: 29<sup>th</sup> September 2023

Chatha Foods Limited ( Formerly Known as Chatha Foods Private Limited)

CIN-U15310PB1997PLC020578

Restated Statement of Assets & Liabilities

(All amounts are in ₹ lakhs unless stated otherwise)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital	3	1,240.12	1,240.12	1,240.12
Reserves and surplus	4	935.00	689.81	622.56
<b>Total equity</b>		<b>2,175.12</b>	<b>1,929.93</b>	<b>1,862.68</b>
<b>Non-current liabilities</b>				
Long-term borrowings	5	166.19	385.57	464.52
Deferred tax liabilities (net)	6	277.22	185.40	148.43
Long-term provisions	7	180.53	136.17	116.87
<b>Total non-current liabilities</b>		<b>623.93</b>	<b>707.14</b>	<b>729.82</b>
<b>Current liabilities</b>				
Short Term Borrowings	8	894.00	715.76	600.51
Trade payables	9			
Total outstanding dues of micro enterprises and small enterprises		101.68	88.55	80.05
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,037.53	933.42	767.92
Other current liabilities	10	285.92	434.64	274.15
Short-term provisions	11	23.76	20.87	15.15
<b>Total current liabilities</b>		<b>2,342.89</b>	<b>2,193.24</b>	<b>1,737.78</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,141.94</b>	<b>4,830.31</b>	<b>4,330.28</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12	2,869.51	3,083.68	2,712.81
Capital work-in-progress		-	-	54.10
Long-term loans and advances	13	307.72	250.26	318.75
Other Non-Current Assets	14	28.66	28.58	30.73
<b>Total non-current assets</b>		<b>3,205.89</b>	<b>3,362.52</b>	<b>3,116.38</b>
<b>Current assets</b>				
Inventories	15	916.87	668.26	430.92
Trade receivables	16	959.24	754.66	652.97
Cash and bank balances	17	16.04	8.57	9.49
Short-term loans and advances	18	43.90	36.28	120.48
<b>Total current assets</b>		<b>1,936.05</b>	<b>1,467.78</b>	<b>1,213.87</b>
<b>TOTAL ASSETS</b>		<b>5,141.94</b>	<b>4,830.31</b>	<b>4,330.28</b>

Notes 1 to 38 form an integral part of these Restated Financial Statements

This is the Balance Sheet referred to in our report of even date.

For A Bafna & Co,  
Chartered Accountants  
Firm's Registration No.:003660C

Vivek Gupta  
Partner  
Membership No. 400543  
UDIN:

For and on behalf of the Board of Directors of  
Chatha Foods Limited (Formerly Known as Chatha Foods Private Limited)

Paramjit Singh Chatha  
Managing Director  
(DIN No: 1154225)

Gurcharan Singh Gosal  
Director  
(DIN No: 1389179)

Priyanka Oberoi  
Company Secretary  
(Membership No: A32400)

Vishal Singh Sirmauria  
Chief Financial Officer

Place: Chandigarh  
Date: 29-09-2023

Chatha Foods Limited ( Formerly Known as Chatha Foods Private Limited)  
CIN-U15310PB1997PLC020578  
**Restated Statement of Profit and Loss**  
(All amounts are in ₹ lakhs unless stated otherwise)

Particulars	Notes	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Revenue</b>				
Revenue from operations	19	11,722.77	8,733.41	6,118.06
Other income	20	1.46	6.90	0.97
<b>Total revenue</b>		<b>11,724.23</b>	<b>8,740.31</b>	<b>6,119.03</b>
<b>Expenses</b>				
Cost of materials consumed	21	8,888.71	6,399.84	4,697.29
Changes in inventory of finished goods and work-in-progress	22	(204.09)	(64.47)	105.66
Employee benefits expenses	23	1,059.87	903.10	673.34
Finance costs	24	97.41	80.92	88.82
Depreciation	25	274.54	260.69	260.56
Other expenses	26	1,270.80	1,056.02	846.24
<b>Total expenses</b>		<b>11,387.24</b>	<b>8,636.11</b>	<b>6,671.91</b>
<b>Profit before tax</b>		<b>337.00</b>	<b>104.20</b>	<b>(552.88)</b>
<b>Tax expense</b>				
Current tax		55.91	17.73	-
Deferred tax		91.82	36.97	(152.24)
Minimum Alternate Tax (MAT) credit entitlement		(55.91)	(17.73)	-
Minimum Alternate Tax (MAT) credit entitlement - earlier years		-	-	(0.29)
<b>Profit after tax</b>		<b>245.20</b>	<b>67.24</b>	<b>(400.35)</b>
<b>Earning per equity share (₹)*</b>				
Basic (₹)	27	1.48	0.41	(2.42)
Diluted (₹)		1.48	0.41	(2.42)

\* EPS for all periods have been recasted after factoring in bonus issue of 1:3 done on 13th Sep 2023

**Notes 1 to 38 form an integral part of these Restated Financial Statements**

This is the Statement of Profit and Loss referred to in our report of even date

**For A Bafna & Co,**  
Chartered Accountants  
Firm's Registration No.:003660C

**Vivek Gupta**  
Partner  
Membership No. 400543  
UDIN:

**For and on behalf of the Board of Directors of**  
Chatha Foods Limited (Formerly Known as Chatha Foods Private Limited)

**Paramjit Singh Chatha**  
Managing Director  
(DIN No: 1154225)

**Gurcharan Singh Gosal**  
Director  
(DIN No: 1389179)

**Priyanka Oberoi**  
Company Secretary  
(Membership No: A32400)

**Vishal Singh Sirmauria**  
Chief Financial Officer

Place: Chandigarh  
Date: 29-09-2023

Chatha Foods Limited ( Formely Known as Chatha Foods Private Limited)  
CIN-U15310PB1997PLC020578  
Restated Cash Flow Statement  
(All amounts are in ₹ lakhs unless stated otherwise)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>A. Cash flow from operating activities:</b>			
Net profit /(loss) before tax	337.00	104.21	(552.92)
<b>Adjustments for:</b>			
Depreciation	274.54	260.69	260.56
Loss on sale of property, plant and equipment (net)	27.62	15.71	-
Provision for doubtful debts		-	4.10
Bad debts and advances written off		-	-
Fixed assets written off			
Liabilities written back		-	-
Prior period income			-
Interest income	(1.46)	(6.90)	(0.97)
Interest expense	97.41	80.92	88.82
<b>Operating profit /(loss) before operating capital changes</b>	<b>735.11</b>	<b>454.63</b>	<b>(200.41)</b>
<b>Adjustments for movement in:</b>			
Long-term provisions	44.34	19.31	11.83
Trade payables	117.25	174.00	(130.86)
Other current liabilities	(68.26)	3.38	65.64
Short-term provisions	(2.28)	7.62	5.40
Long-term loans and advances	(0.02)	234.66	0.00
Inventories	(248.60)	(237.34)	127.60
Trade receivables	(204.68)	(101.69)	(53.30)
Other Non current assets	(0.07)	2.15	(0.43)
Short-term loans and advances	(7.62)	21.18	88.11
<b>Cash generated/(utilized in)from operating activities before taxes</b>	<b>365.16</b>	<b>577.89</b>	<b>(86.42)</b>
Income taxes paid (net)	(50.61)	(14.88)	(0.30)
<b>Net cash generated/(utilized in) from operating activities (A)</b>	<b>314.55</b>	<b>563.01</b>	<b>(86.72)</b>
<b>B. Cash flow from investing activities:</b>			
Purchase of property, plant and equipment (including creditors for capital expenditure and capital advances) net of sales	(222.27)	(527.19)	(212.25)
Interest received	1.46	6.91	0.89
Investment in bank deposits [having original maturity of more than three months but less than twelve months]	(0.36)	(5.06)	
Proceeds from sale of property, plant and equipment	51.32	-	
<b>Net cash utilized in investing activities (B)</b>	<b>(169.85)</b>	<b>(525.34)</b>	<b>(211.37)</b>
<b>C. Cash flow from financing activities:</b>			
Proceeds from long-term borrowings		-	242.50
Repayment of long-term borrowings	(219.39)	(80.81)	(189.22)
Net increase in short-term borrowings	178.25	118.90	339.55
Interest paid	(96.44)	(81.74)	(97.09)
<b>Net cash (utilized in)/generated from financing activities (C)</b>	<b>(137.58)</b>	<b>(43.65)</b>	<b>295.73</b>
<b>Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>7.11</b>	<b>(5.97)</b>	<b>(2.35)</b>
Opening cash and cash equivalents	2.22	8.19	10.55
<b>Closing cash and cash equivalents</b>	<b>9.33</b>	<b>2.22</b>	<b>8.19</b>

**Chatha Foods Limited ( Formerly Known as Chatha Foods Private Limited)**

CIN-U15310PB1997PLC020578

**Restated Cash Flow Statement**

(All amounts are in ₹ lakhs unless stated otherwise)

**Notes:**

(a) The above cash flow statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 (AS-3) on "Cash flow statements" as specified under section 133 of Companies Act, 2013 read with of the Companies (Accounts Standards) Rules, 2021.

(b) Figures in brackets indicate cash outflow.

	<b>For the year ended 31 March 2023</b>	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
<b>b) Cash and cash equivalents include:</b>			
Cash in hand	0.87	2.21	4.80
Balances with banks in current account	8.45	0.01	3.39
<b>Cash and cash equivalents</b>	<b>9.32</b>	<b>2.22</b>	<b>8.19</b>
Other bank balance*			
Deposit with maturity more than 3 months but less than 12 months	6.72	6.36	1.30
<b>Cash and bank balances</b>	<b>16.04</b>	<b>8.58</b>	<b>9.49</b>

\*Other bank balance includes ₹ 6.72 lacs ( previous year ₹ 6.34 lacs ) which are restricted and not available for use.

**Notes 1 to 38 form an integral part of these Restated Financial Statements**

This is the cash flow statement referred to in our report of even date

**For A Bafna & Co,**  
Chartered Accountants  
Firm's Registration No.:003660C

**For and on behalf of the Board of Directors of**  
Chatha Foods Limited (Formerly Known as Chatha Foods Private Limited)

**Vivek Gupta**  
Partner  
Membership No. 400543  
UDIN:

**Paramjit Singh Chatha**  
Managing Director  
(DIN No: 1154225)

**Gurcharan Singh Gosal**  
Director  
(DIN No: 1389179)

**Priyanka Oberoi**  
Company Secretary  
(Membership No: A32400)

**Vishal Singh Sirmauria**  
Chief Financial Officer

Place: Chandigarh  
Date: 29-09-2023

## **1 Background and nature of operations**

Chatha Foods Limited (Formerly known as Chatha Foods Private Limited) incorporated in 1997 with registered office situated at 272, Mota Singh Nagar, Jalandhar, Punjab, IN.

The Corporate identification number of the company is U15310PB1997PLC020578, the company was converted from a Private limited Company to Public limited company w.e.f 08/09/2023

The Company is engaged in the business of food processing in India. It is engaged in frozen and ready to eat meat and vegan foods manufacturer and retails an array of ready to eat and frozen meat and vegan products under the brand "Swiss Naturen" and "The Field Grill".

## **2 Significant accounting policies**

### **A Basis of preparation**

The summary statement of restated assets and liabilities of the Company as at 31st March 2023, 31st March, 2022 and 31st March, 2021 and the related summary statement of restated profit and loss and cash flows for the year ended 31st March 2023, 31st March, 2022 and 31st March, 2021 (collectively referred to as the "Restated summary financial information") have been prepared specifically for the purpose of inclusion in the offer document to be filed by the Company in connection with the proposed Initial Public Offering (hereinafter referred to as 'IPO'). The restated summary financial information has been prepared by applying necessary adjustments to the financial statements ('financial statements') of the Company. The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the accounting standards specified under section 133 of the Companies Act, 2013, of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) regulations 2009, as amended (the "Regulations"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistently applied.

### **B Use of estimates**

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future years.

### **C Revenue recognition**

- a) Revenue from sale of goods is recognized when the significant risks and rewards in respect of ownership of the goods are transferred to the customer and is stated net of Goods and Services Tax and net of trade discounts, and sales returns. No significant uncertainties exist regarding the amount of consideration that will be derived from sale of goods.
- b) Revenue from sale of services is recognized as the service is performed by the completed service contract method.
- c) Interest income is recognized on a time proportion basis, taking into account the amount outstanding and the rates applicable.

### **D Property, plant and equipment**

Property, plant and equipment are stated at cost (gross block) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of tax credit availed) and any attributable cost of bringing the asset to its working condition for its intended use.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in statement of profit and loss, when the item is de-recognized. Such gains are not classified as revenue.

Expenditure on account of modification/alteration in plant and machinery/building, which increases the future benefit from the existing asset beyond its previous assessed standard of performance, is capitalized. Items of property, plant and equipment costing less than Rs. 5,000 are fully depreciated in the year of purchase.

Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily takes a substantial period of time to get ready for their intended use are capitalized.

The residual value of any asset is calculated at 5% of original cost of any asset in accordance with Schedule I of the Companies Act, 2013.

**E Depreciation**

Depreciation is calculated on cost of items of PPE less their estimated residual values over their estimated useful lives using the straight-line method based on life prescribed as per Schedule II of the Companies Act, 2013.

<b>Block of asset</b>	<b>Useful life as per Companies Act, 2013 (in years)</b>
Buildings	30-60
Plant and machinery	15
Furniture and fixture	10
Office equipment	5
Computers	3-15
Vehicles	8-10



## **F Inventories**

Inventories are valued as follows:

**Raw materials, stores and spares and packing materials:** At cost as determined on the basis of First In First Out (FIFO Basis). However, materials and other items held for use in the production of inventories are written  
1 down below cost only when both raw material net realizable value and the finished goods in which they will be incorporated are expected to be sold below cost.

**Work in process and finished goods:** Lower of cost and net realizable value. Cost includes direct materials and a  
2 proportion of labour and manufacturing overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion to make the sale.

## **G Employee benefits**

### **Short-term employee benefits**

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, bonus, etc. are recognized in the statement of profit and loss in the period in which the employee renders the related service.

### **Post-employment benefits**

#### **Defined contribution plan**

The company makes specified contribution towards employee provident fund to Employees Provident Fund administered by the Regional Provident Commissioner. The Company's contribution to provident fund, being a defined contribution plan, is recognized in the statement of profit and loss in the financial year to which it relates.

#### **Defined benefit plan**

Gratuity is a post-employment defined benefit plan. The present value of obligation for gratuity is determined based on actuarial valuation using the Projected Unit Credit Method, together with adjustments for unrecognized actuarial gains or losses and past service costs. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

#### **Other long-term liability**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability determined based on actuarial valuation using the Projected Unit Credit Method at the balance sheet date.

#### **Actuarial gains/losses**

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of profit and loss in the year in which such gains or losses arise.

## **H Accounting for taxes on income**

Tax expense comprises current tax and deferred income tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year, computed in terms with the provision of Income Tax Act, 1961 and the rules made thereunder.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be realized.

Minimum Alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

**I Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**J Leases**

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease rentals in respect of assets taken under an operating lease are charged to the statement of profit and loss on a straight-line basis over the lease term.

**K Provisions and contingent liabilities**

A provision is created when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation at the reporting date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The Company does not recognize assets which are of contingent nature until there is virtual certainty of realizability of such assets. However, if it has become virtually certain that an inflow of economic benefits will arise, asset and related income is recognized in the financial statements of the period in which the change occurs

**L Impairment of assets**

The Company on an annual basis makes an assessment of any indication that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference as impairment loss and is charged to the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss is no longer valid, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**M Cash and bank balances**

Cash and bank balances comprise cash, Current accounts and deposit with banks. The Company has a policy of classifying highly liquid investments which have a tenure of less than three months and are readily convertible into fixed amounts of cash and cash equivalents.

3 Share capital

	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Authorized share capital</b>						
Equity shares of ₹ 10 each	13,000,000	1,300.00	13,000,000	1,300.00	13,000,000	1,300.00
<b>Issued, subscribed and fully paid up</b>						
Equity shares of ₹ 10 each	12,401,159	1,240.12	12,401,159	1,240.12	12,401,159	1,240.12
<b>Total</b>	<b>12,401,159</b>	<b>1,240.12</b>	<b>12,401,159</b>	<b>1,240.12</b>	<b>12,401,159</b>	<b>1,240.12</b>

a. The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. However, no such preferential amounts exist currently.

b. Reconciliation of equity share capital

	Number of shares	Amount	Number of share	Amount	Number of shares	Amount
<b>Equity share capital of ₹ 10 each fully paid up</b>						
Balance at the beginning of the year	12,401,159	1,240.12	12,401,159	1,240.12	12,401,159	1,240.12
Add : Shares issued during the year	-	-	-	-	-	-
<b>Balance at the end of the year</b>	<b>12,401,159.00</b>	<b>1,240.12</b>	<b>12,401,159.00</b>	<b>1,240.12</b>	<b>12,401,159</b>	<b>1,240.12</b>

c. Shareholders holding more than 5 % of Share Capital

Particulars	As at 31 March 2023			As at 31 March 2022			As at 31 March 2021		
	No. of shares	%	% change during the year	No. of shares	%	% change during the year	No. of shares	%	% change during the year
Equity shares of ₹ 10 each									
Paramjit Singh Chatha	1,877,500	15.14%	-	1,877,500	15.14%	-	1,877,500	15.14%	-
Iqbal Singh Chatha	1,877,500	15.14%	-	1,877,500	15.14%	-	1,877,500	15.14%	-
Gurpreet Singh Chatha	1,877,500	15.14%	-	1,877,500	15.14%	-	1,877,500	15.14%	-
Gurcharan Singh Gosal	2,465,600	19.88%	-	2,465,600	19.88%	-	2,465,600	19.88%	-
SME Tech Fund	3,844,359	31.00%	-	3,844,359	31.00%	-	3,844,359	31.00%	-

d. Subsequent to 31 March 2023, SME tech fund has transferred its shares to existing and new shareholders via share purchase agreement dated 11 July 2023. The Company has no financial obligation.

e. Shares issued for consideration other than cash

There are no shares reserved for issue under options and contracts/commitments. Further, there are no shares that have been allotted during last 5 years pursuant to a contract without payment being received in cash, or by way of bonus shares or shares bought back, except :-

f. Shares held by promoters at the end of year

Particulars	As at 31 March 2023			As at 31 March 2022			As at 31 March 2021		
	No. of shares	%	% change during the year	No. of shares	%	% change during the year	No. of shares	%	% change during the year
Equity shares of ₹ 10 each									
Paramjit Singh Chatha	1,877,500	15.14%	-	1,877,500	15.14%	-	1,877,500	15.14%	-
Iqbal Singh Chatha*	1,877,500	15.14%	-	1,877,500	15.14%	-	1,877,500	15.14%	-
Gurpreet Singh Chatha	1,877,500	15.14%	-	1,877,500	15.14%	-	1,877,500	15.14%	-
Gurcharan Singh Gosal	2,465,600	19.88%	-	2,465,600	19.88%	-	2,465,600	19.88%	-

\*Iqbal Singh Chatha has been reclassified by company as a non-promoter w.e.f 08/09/2023

4 Reserves and surplus

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
<b>Securities premium</b>			
Balance at the beginning and end of the year	915.56	915.56	915.56
<b>Surplus/(Deficit) in the statement of profit and loss</b>			
Balance at the beginning of the year	(225.76)	(293.00)	107.39
Add : Transferred from statement of profit and loss	245.20	67.24	(400.39)
Balance at the end of the year	<b>19.44</b>	<b>(225.76)</b>	<b>(293.00)</b>
<b>Total</b>	<b>935.00</b>	<b>689.80</b>	<b>622.56</b>

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Notes to the Restated financial statements

(All amounts are in ₹ lakhs unless stated otherwise)

5 Long-term borrowings (secured)

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Term loans			
from bank [refer note 5(a)]	166.19	378.33	447.72
Vehicle loans			
from Non-banking finance company (NBFC) [refer note 5(b)]	-	7.24	16.79
	<b>166.19</b>	<b>385.57</b>	<b>464.52</b>

5(a). Details of security and terms of repayment of term loans

Nature of loan	Lender	As at						Nature of securities	Interest rate	Tenure of repayment
		31 March 2023		31 March 2022		31 March 2021				
		Non-Current	Current	Non-Current	Current	Non-Current	Current			
Term loan from bank (in ₹)-107	Kotak Mahindra Bank	155.17	34.39	188.59	35.08	210.38	24.34	- First and exclusive charge on all present and future current assets and fixed assets of the borrower	Repo Rate + 4.5%	The loan is payable in 68 equal monthly instalments of ₹ 4.28 lacs & 1 last instalments of ₹ 21.53 lacs
Working capital term loan from Bank (in ₹)-001	Kotak Mahindra Bank	11.02	55.64	66.66	51.38	118.04	35.96	- Extension of equitable mortgage of the following properties: - Residential property number 273 situated at Master Mota Singh Nagar, Jalandhar owned by Iqbal Singh and Manjit Singh s/o Hari Singh; - Residential property number 271 situated at Master Mota Singh Nagar, Jalandhar owned by Paramjit Singh; - Commercial property SCF number 305, Motor Market, Manimajra, Chandigarh owned by Gurcharan Singh;	Repo Rate + 4.5%	48 equal monthly instalments of ₹ 4.91 lacs
Working capital term loan from Bank (in ₹)-076	Kotak Mahindra Bank	-	123.34	123.08	144.73	275.51	127.93	- Industrial property khata number 35/124 village Chaudheri, tehsil derabassi owned by the Company, Industrial property owned in Kartarpur by Mr. Paramjit Singh Chatha - The term loan is also secured by personal guarantee of Iqbal Singh Chatha, Gurpreet Singh Chatha, Gurpreet Singh Chatha, Paramjit Singh Chatha, Gurcharan Singh and Manjit Singh.	Repo Rate + 4.5%	69 equal monthly instalments of ₹ 13.41 lacs and last instalments of ₹ 7.11 lacs.
Working capital term loan from Bank (in ₹)-047	Kotak Mahindra Bank	-	-	-	-	-	43.11		Repo Rate + 4.5%	8 equal monthly instalments of ₹ 3.33 lacs, 51 equal monthly instalments of ₹ 5.72 lacs and last instalment of ₹ 4.71 lacs.
		<b>166.19</b>	<b>213.38</b>	<b>378.33</b>	<b>231.19</b>	<b>603.94</b>	<b>231.33</b>			

5(b). Details of security and terms of repayment of vehicle loans:

Nature of loan	Lender	As at						Nature of securities	Interest rate	Tenure of repayment
		31 March 2023		31 March 2022		31 March 2021				
		Non-Current	Current	Non-Current	Current	Non-Current	Current			
Vehicle loan	Kotak Mahindra Prime Limited	-	3.95	3.95	6.31	10.27	4.33	Against hypothecation of specific vehicles purchased out the proceeds of loans	Range of 10% p.a. to 14% p.a. (previous year range of 10% p.a. to 14% p.a.)	Honda city - from 24 Feb 2021 to 5 Feb 2024 Fortuner - from 16 Oct 2018 to 1 Oct 2023 Creta - from 16 June 2018 to 5 June 2021 Innova - from 23 Jan 2017 to 5 Jan 2022
Vehicle loan	Kotak Mahindra Prime Limited	-	3.29	3.29	3.34	6.62	8.74			
		-	7.23	7.23	9.64	16.89	13.07			

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**6 Deferred tax liabilities (net)**

**Deferred tax liabilities arising on account of:**

Timing difference on depreciation of property, plant and equipment

**Deferred tax assets arising on account of:**

Provision for employee benefits

Provision for doubtful debts

Provision for bonus

Brought forward losses and unabsorbed depreciation

**Deferred tax liabilities (net)**

**7 Long-term provisions**

Provision for gratuity [refer note 7 (a)]

Provision for compensated absences [refer note 7 (b)]

**7(a) Provision for gratuity**

The following table set out the status of the plan for gratuity and as required under Accounting Standard (AS) - 15 (R) - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation in respect of gratuity:

**Particulars**

**Actuarial assumptions**

Discount rate

Salary growth rate

**Demographic assumptions**

Mortality rate

Retirement age

Average age

Average past service

Average remaining working life

Withdrawal rates

**Change in the present value of obligation:**

Present value of obligation as at the beginning of the year

Interest cost

Current service cost

Benefits paid

Actuarial gain on obligation

**Present value of obligation as at the end of the year\***

\* includes short term provision of ₹ 13.01 Lakhs (previous year ₹ 13.27 Lakhs).

**Expense recognized in the statement of profit and loss:**

Current service cost

Interest cost

Net actuarial gain recognized in the year

**Total expense recognized in the statement of profit and loss**

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
	367.18	374.37	337.71
	367.18	374.37	337.71
	55.27	42.89	36.72
	-	-	1.14
	8.23	7.40	5.87
	26.47	138.68	145.55
	<b>89.97</b>	<b>188.96</b>	<b>189.28</b>
	<b>277.22</b>	<b>185.40</b>	<b>148.43</b>
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
	131.16	99.08	84.22
	49.37	37.09	32.65
	<b>180.53</b>	<b>136.17</b>	<b>116.87</b>
	31-Mar-23	31-Mar-22	31-Mar-21
	7.50%	7.25%	7.00%
	6.00%	6.00%	6.00%
	58.00	58.00	58.00
	33.90	34.70	34.90
	3.30	3.60	4.00
	24.10	23.30	23.10
	5%	5%	5%
	<b>31-Mar-23</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
	112.36	95.66	88.17
	8.14	6.94	6.17
	18.84	15.76	12.43
	(7.33)	(1.70)	(2.78)
	12.17	(4.30)	(8.33)
	<b>144.18</b>	<b>112.36</b>	<b>95.66</b>
	31-Mar-23	31-Mar-22	31-Mar-21
	18.84	15.76	12.43
	8.14	6.94	6.17
	12.17	(4.30)	(8.33)
	<b>39.15</b>	<b>18.40</b>	<b>10.27</b>

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(All amounts are in ₹ lakhs unless stated otherwise)

**Notes :**

- 1) The discount rate is based on the prevailing market yield of Indian Government bonds as at the balance sheet date for the estimated terms of obligations.
- 2) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Amount of provision for gratuity for the current year and previous years are as follows:

**Current year**

Defined benefit obligation

**Experience adjustment arising on the gratuity benefit:**

**7(b) Provision for compensated absences**

**Particulars**

**Actuarial assumptions**

Discount rate

Salary growth rate

**Demographic assumptions**

Mortality rate

Retirement age

Average age

Average past service

Average remaining working life

Withdrawal rates

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Defined benefit obligation	144.18	112.36	95.66
Experience adjustment arising on the gratuity benefit:			
	14.22	(2.33)	8.33
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Discount rate	7.50%	7.25%	7.00%
Salary growth rate	6.00%	6.00%	6.00%
Mortality rate	IALM 2012-14	IALM 2012-14	IALM 2012-14
Retirement age	58.00	58	58.00
Average age	33.90	34.7	34.90
Average past service	3.30	3.6	4.00
Average remaining working life	24.10	23.3	23.10
Withdrawal rates	5%	5.00%	5%

## 8 Short-term borrowings

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
<b>Secured</b>			
Current maturities of long-term borrowings [refer note 5(a)]	220.62	240.84	244.49
Cash credits [refer note (a) and (b) below]	403.38	407.42	356.02
Working capital loan [refer note (b) below]	270.00	67.50	-
	<b>894.00</b>	<b>715.76</b>	<b>600.51</b>

### a. Details of security of short-term borrowings

Cash credit facilities and working capital demand loan taken from Kotak Mahindra Bank are secured by first and exclusive charge on all present and future current assets and fixed assets of the borrower, extension of equitable mortgage of the following properties - Residential property number 273 situated at Master Mota Singh Nagar, Jalandhar owned by Iqbal Singh and Manjit Singh s/o Hari Singh; Residential property number 271 situated at Master Mota Singh Nagar, Jalandhar owned by Paramjit Singh; Commercial property SCF number 305, Motor Market, Manimajra, Chandigarh owned by Gurcharan Singh; Industrial property khata number 35/124 village Chaudheri, tehsil derabassi owned by the Company, industrial property owned in Kartarpur by Mr. Paramjit Singh Chatha. The cash credit is also secured by personal guarantee of Iqbal Singh Chatha, Gurpreet Singh Chatha, Paramjit Singh Chatha, Gurcharan Singh, and Manjit Singh.

### b. Terms of repayment and interest rates

Cash credit from Kotak Mahindra bank amounting to ₹ 403.38 lacs (previous year ₹ 407.42 lacs) carrying interest rate 3.25% over the Repo rate (previous year 4.25% over the Repo rate). Secured loan from Kotak Mahindra Bank amounting to ₹ 270 lakhs (previous year ₹ 67.50 lacs) carrying interest rate 3.25% over the Repo rate (previous year 8%) repayable in three months.

c. The Company has been sanctioned working capital limits in excess of five crore rupees by bank on the basis of security of current assets. The stock statements filed to Kotak mahindra Bank for the quarter ending 31 March 2022 is not materially in agreement with the books of accounts of the Company.

Particulars	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Reason for material discrepancies
Quarter ended 31st March 2022 submitted to Kotak Mahindra Bank Limited (Trade Receivables)	Refer note (a) above	754.66	1,032.50	277.84	The Company has recorded certain provisions in the books after submitting the statements for the finalisation of financial statement



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**Notes to the Restated financial statements**

(All amounts are in ₹ lakhs unless stated otherwise)

**9 Trade payables**

Total outstanding dues of micro enterprises and small enterprises

Total outstanding dues of creditors other than micro enterprises and small enterprises

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises	101.68	88.55	80.05
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,037.53	933.42	767.92
	<b>1,139.21</b>	<b>1,021.97</b>	<b>847.97</b>

Note:

**a. Dues to micro and small enterprises pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006**

On the basis of confirmation obtained from suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the Company, the following are the details:

Principal amount remaining unpaid

Interest accrued and due thereon remaining unpaid

Interest paid by the Company in terms of service 16 of MSMED Act 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year

Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year), but without adding the interest specified under MSMED Act, 2006.

Interest accrued and remaining unpaid as at the end of the year

Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Principal amount remaining unpaid	92.38	85.83	78.87
Interest accrued and due thereon remaining unpaid	6.58	1.54	1.18
Interest paid by the Company in terms of service 16 of MSMED Act 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year), but without adding the interest specified under MSMED Act, 2006.	-	-	-
Interest accrued and remaining unpaid as at the end of the year	-	-	1.18
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	9.30	2.72	-

Ageing schedule as at 31 March 2023*:		Outstanding for following periods from due date of payment						
Particulars	Unbilled Dues	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Micro and small enterprises	-	72.05	29.63	-	-	-	-	101.68
Others	-	691.68	345.12	0.67	0.06	-	-	1,037.53
<b>Total</b>	-	<b>763.73</b>	<b>374.75</b>	<b>0.67</b>	<b>0.06</b>	-	-	<b>1,139.21</b>

Ageing schedule as at 31 March 2022*:		Outstanding for following periods from due date of payment						
Particulars	Unbilled Dues	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Micro and small enterprises	-	47.65	41.20	-	-	-	-	88.85
Others	-	658.15	257.90	0.97	15.72	0.38	-	933.12
<b>Total</b>	-	<b>705.80</b>	<b>299.10</b>	<b>0.97</b>	<b>15.72</b>	<b>0.38</b>	-	<b>1,021.97</b>

Ageing schedule as at 31 March 2021*:		Outstanding for following periods from due date of payment						
Particulars	Unbilled Dues	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
Micro and small enterprises	-	25.25	54.80	-	-	-	-	80.05
Others	-	289.66	477.44	0.27	0.55	-	-	767.92
<b>Total</b>	-	<b>314.91</b>	<b>532.24</b>	<b>0.27</b>	<b>0.55</b>	-	-	<b>847.97</b>

\*There are no disputed dues.

#### 10 Other current liabilities

Advance from customers	
Creditors for capital expenditure	
Statutory dues	
Interest accrued but not due on borrowings	
Expenses payable	
Employee related payables (Also refer note 29 for related party transaction)**	

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
	1.68	1.74	2.29
	94.11	175.54	24.18
	91.65	66.84	60.12
	3.69	2.72	3.53
	-	101.13	100.71
	94.79	86.68	83.32
	<b>285.92</b>	<b>434.64</b>	<b>274.15</b>

\*\*Salary payable to KMPs

Mr. Paramjit Singh Chatha	3.64	1.77	1.41
Mr. Gurcharan Singh Gosal	0.70	0.70	0.70
Mr. Gurpreet Singh Chatha	0.99	0.94	1.18

#### 11 Short-term provisions

Provision for gratuity [refer note 7(a)]	
Provision for income tax (net of advance tax)	
Provision for compensated absences [refer note 7(b)]	
Provision for bonus	

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
	13.01	13.27	11.44
	5.61	2.88	-
	5.13	4.72	3.69
	-	-	-
	<b>23.75</b>	<b>20.87</b>	<b>15.13</b>

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**13 Long-term loans and advances**

(unsecured considered good, unless otherwise stated)

Capital Advances	1.63	0.09	85.47
Balances with statutory and government authorities	-	-	0.85
Minimum Alternate Tax (MAT) credit entitlement [refer note (b) below]	306.09	250.17	232.43
	<b>307.72</b>	<b>250.26</b>	<b>318.75</b>

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Capital Advances	1.63	0.09	85.47
Balances with statutory and government authorities	-	-	0.85
Minimum Alternate Tax (MAT) credit entitlement [refer note (b) below]	306.09	250.17	232.43
	<b>307.72</b>	<b>250.26</b>	<b>318.75</b>

**a Minimum alternate tax (MAT) credit entitlement**

Balance at beginning of year	250.16	232.43	232.14
Add: MAT credit entitlement created during the year	55.91	17.73	0.29
Balance at end of period	<b>306.07</b>	<b>250.16</b>	<b>232.43</b>

Balance at beginning of year	250.16	232.43	232.14
Add: MAT credit entitlement created during the year	55.91	17.73	0.29
Balance at end of period	<b>306.07</b>	<b>250.16</b>	<b>232.43</b>

**b** The Company does not have any loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member.

**14 Other non-current assets**

(unsecured considered good, unless otherwise stated)

Security deposits

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Security deposits	28.66	28.58	30.73
	<b>28.66</b>	<b>28.58</b>	<b>30.73</b>

**15 Inventories**

Raw materials including packaging materials	424.31	373.38	219.83
Work-in-progress	29.11	10.20	22.46
Finished products	437.71	252.53	175.80
Stores, spares and other consumables	25.74	32.16	12.83
	<b>916.87</b>	<b>668.27</b>	<b>430.92</b>

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Raw materials including packaging materials	424.31	373.38	219.83
Work-in-progress	29.11	10.20	22.46
Finished products	437.71	252.53	175.80
Stores, spares and other consumables	25.74	32.16	12.83
	<b>916.87</b>	<b>668.27</b>	<b>430.92</b>

**16 Trade receivables**

(unsecured considered good, unless otherwise stated)

-Considered good	959.26	754.67	652.97
-Considered doubtful	-	-	4.10
Less: Provision for doubtful debts	-	-	4.10
	<b>959.26</b>	<b>754.67</b>	<b>652.97</b>

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
-Considered good	959.26	754.67	652.97
-Considered doubtful	-	-	4.10
Less: Provision for doubtful debts	-	-	4.10
	<b>959.26</b>	<b>754.67</b>	<b>652.97</b>

**Ageing schedule as at 31 March 2023\*:**

Particulars	Outstanding for following periods from due date of payment						Total	
	Unbilled dues	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years		More than 3 years
(i) Undisputed Trade receivables – considered good	-	-	957.61	1.36	0.29	-	-	959.26
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>957.61</b>	<b>1.36</b>	<b>0.29</b>	-	-	<b>959.26</b>

**Ageing schedule as at 31 March 2022\*:**

Particulars	Outstanding for following periods from due date of payment						Total	
	Unbilled dues	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years		More than 3 years
(i) Undisputed Trade receivables – considered good	-	-	741.33	3.38	5.73	4.33	-	754.77
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>741.33</b>	<b>3.38</b>	<b>5.73</b>	<b>4.33</b>	-	<b>754.77</b>

\* There are no disputed dues

**Ageing schedule as at 31 March 2021\*:**

Particulars	Outstanding for following periods from due date of payment						Total	
	Unbilled dues	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years		More than 3 years
(i) Undisputed Trade receivables – considered good	-	-	602.04	32.02	17.48	1.43	-	652.97
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>602.04</b>	<b>32.02</b>	<b>17.48</b>	<b>1.43</b>	-	<b>652.97</b>

\*There are no disputed dues

**17 Cash and cash equivalents**

Cash in hand  
Balances with banks  
in current account

Other bank balances:

Deposit with maturity more than 3 months but less than 12 months \*

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
	0.87	2.21	4.80
	8.45	0.01	3.39
	9.32	2.22	8.19
	6.72	6.36	1.30
	<b>16.04</b>	<b>8.58</b>	<b>9.49</b>

**18 Short-term loans and advances**

(Unsecured, considered good)

Advances to suppliers  
Prepaid expenses  
Advances to employees  
Other Current Assets

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
	19.66	14.66	19.35
	5.59	5.86	6.58
	18.65	15.76	31.51
	-	-	63.04
	<b>43.90</b>	<b>36.28</b>	<b>120.48</b>

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(All amounts in ₹ unless stated otherwise)

12 Property, plant and equipment

As at 31 March 2023

Particulars	Gross block				Accumulated depreciation				Net block		
	As at 1 April 2022	Additions during the year	Sales / adjustment during the year	As at 31 March 2023	As at 1 April 2022	Adjustment	Charge for the year	Sales / Adjustment during the year	As at 31 March 2023	As at 31 March 2023	As at 31 March 2022
<b>Property, plant and equipment</b>											
Land	31.76	-	-	31.76	-	-	-	-	-	31.76	31.76
Building	802.43	-	-	802.43	235.89	(15.74)	25.38	34.69	226.58	575.85	566.54
Plant and machinery	4,279.84	129.65	113.63	4,295.85	1,868.45	18.44	231.18	-	2,099.62	2,196.23	2,411.39
Furniture and fixtures	26.13	0.87	-	27.00	17.09	-	1.30	-	18.39	8.61	9.04
Office equipments	56.37	8.77	-	65.14	48.35	(0.33)	3.56	-	51.91	13.23	8.02
Vehicles	112.51	-	-	112.51	55.59	(2.37)	13.12	-	68.71	43.81	56.93
<b>Total</b>	<b>5,309.04</b>	<b>139.29</b>	<b>113.63</b>	<b>5,334.69</b>	<b>2,225.37</b>	<b>0.00</b>	<b>274.54</b>	<b>34.69</b>	<b>2,465.21</b>	<b>2,869.49</b>	<b>3,083.68</b>

As at 31 March 2022

Particulars	Gross block				Accumulated depreciation				Net block		
	As at 1 April 2021	Additions during the year	Sales / adjustment during the year	As at 31 March 2022	As at 1 April 2021	Adjustment	Charge for the year	Sales / Adjustment during the year	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
<b>Property, plant and equipment</b>											
Land	31.76	-	-	31.76	-	-	-	-	-	31.76	31.76
Building	703.65	98.78	-	802.43	211.50	-	24.39	-	235.89	566.54	492.15
Plant and machinery	3,781.99	572.34	74.50	4,279.84	1,677.44	-	219.79	28.79	1,868.45	2,411.39	2,104.55
Furniture and fixtures	25.14	0.99	-	26.13	15.61	-	1.48	-	17.09	9.04	9.53
Office equipments	51.22	5.15	-	56.37	45.81	-	2.54	-	48.35	8.02	5.40
Vehicles	112.51	-	-	112.51	43.09	-	12.49	-	55.59	56.93	69.42
<b>Total</b>	<b>4,706.27</b>	<b>677.26</b>	<b>74.50</b>	<b>5,309.04</b>	<b>1,993.45</b>		<b>260.69</b>	<b>28.79</b>	<b>2,225.37</b>	<b>3,083.68</b>	<b>2,712.81</b>

As at 31 March 2021

Particulars	Gross block				Accumulated depreciation				Net block		
	As at 1 April 2020	Additions during the year	Sales / adjustment during the year	As at 31 March 2021	As at 1 April 2020	Adjustment	Charge for the year	Sales / Adjustment during the year	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
<b>Property, plant and equipment</b>											
Land	31.76	-	-	31.76	-	-	-	-	-	31.76	31.76
Building	703.65	-	-	703.65	189.13	-	22.38	-	211.50	492.15	514.53
Plant and machinery	3,750.44	31.55	-	3,781.99	1,458.52	-	218.93	-	1,677.44	2,104.55	2,291.93
Furniture and fixtures	25.07	0.07	-	25.14	13.53	-	2.08	-	15.61	9.53	11.55
Office equipments	49.07	2.15	-	51.22	40.28	-	5.53	-	45.81	5.40	8.79
Vehicles	97.69	14.83	-	112.51	31.45	-	11.64	-	43.09	69.42	66.24
<b>Total</b>	<b>4,657.68</b>	<b>48.60</b>	<b>-</b>	<b>4,706.27</b>	<b>1,732.91</b>		<b>260.56</b>	<b>-</b>	<b>1,993.45</b>	<b>2,712.81</b>	<b>2,924.80</b>

Notes:

(a) Refer note 5 for information on PPE pledged as security by the Company.

(b) The Company has not revalued its Property, Plant and Equipment during the year. Further, the Company does not hold any intangible assets.

**Chatha Foods Limited ( Formely Known as Chatha Foods Private Limited)**

CIN-U15310PB1997PLC020578

**Notes to the Restated financial statements**

(All amounts are in ₹ lakhs unless stated otherwise)

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>19 Revenue from operations</b>			
Sale of products	11,417.62	8,570.91	6,118.06
Sale of Service	305.15	162.50	-
	<b>11,722.77</b>	<b>8,733.41</b>	<b>6,118.06</b>
<b>20 Other income</b>			
Interest income:			
- on deposit with electricity department	0.98	0.82	0.89
- bank	0.48	6.08	0.08
	<b>1.46</b>	<b>6.90</b>	<b>0.97</b>
<b>21 Cost of materials consumed</b>			
Opening stock			
Raw material	373.38	219.83	239.14
Stores, spares and other consumables	32.16	12.83	15.46
Add: Purchases made during the year	8,933.22	6,572.71	4,675.36
	<b>9,338.76</b>	<b>6,805.37</b>	<b>4,929.95</b>
Less: Closing stock			
Raw material	424.31	373.38	219.83
Stores, spares and other consumables	25.74	32.16	12.83
	<b>8,888.71</b>	<b>6,399.83</b>	<b>4,697.29</b>

## 22 Changes in inventories of finished goods and work-in-progress

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Opening stock</b>			
Work-in-progress	10.20	22.46	2.47
Finished goods	252.53	175.80	301.45
<b>Closing stock</b>			
Work-in-progress	29.11	10.20	22.46
Finished goods	437.71	252.53	175.80
	<b>(204.09)</b>	<b>(64.47)</b>	<b>105.66</b>

## 23 Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	869.48	762.68	625.56
Contribution to provident and other funds	77.89	55.12	20.14
Gratuity Expenses	39.15	18.39	7.48
Staff welfare expenses	73.35	66.91	20.16
	<b>1,059.87</b>	<b>903.10</b>	<b>673.34</b>

## 24 Finance costs

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
<b>Interest on</b>			
Banks	89.89	80.37	76.40
Others	7.52	0.55	12.42
	<b>97.41</b>	<b>80.92</b>	<b>88.82</b>

**Chatha Foods Limited ( Formerly Known as Chatha Foods Private Limited)**  
**CIN-U15310PB1997PLC020578**

**Notes to the Restated financial statements**

(All amounts are in ₹ lakhs unless stated otherwise)

	<b>For the year ended 31 March 2023</b>	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
<b>25 Depreciation expense</b>			
Depreciation (refer note 12)	274.54	260.69	260.56
	<b>274.54</b>	<b>260.69</b>	<b>260.56</b>
<b>26 Other expenses</b>			
Insurance	10.28	10.25	8.85
Rent	13.17	18.06	23.17
Freight and forwarding	62.01	44.51	25.39
Rates and taxes	7.43	15.86	8.80
Legal and professional (Note)	54.57	39.55	30.43
Advertisement and publicity	55.22	88.71	112.46
Power, fuel and water charges	358.57	292.72	224.81
Repair and maintenance - Plant and machinery	138.91	125.69	78.19
Building	-	-	4.54
Effluent Treatment Plant- maintenance expenses	38.51	34.59	23.00
Travelling and conveyance	65.46	46.94	25.05
Loss on sale/disposal of property, plant and equipment	27.62	15.71	-
Bad debts written off	21.38	-	-
Bad debts and advances written off (net of provision)**	-	-	4.10
Quality control and quality assurance	141.02	144.69	126.11
Warehousing Expenses	139.89	87.88	68.76
Security expenses	51.61	47.01	43.17
Miscellaneous expenses	85.15	43.85	39.42
	<b>1,270.80</b>	<b>1,056.02</b>	<b>846.25</b>



Note :

Payment to auditors excluding goods and service tax:

Statutory Auditor	14.50	11.50	10.00
Tax Audit fees	1.50	1.00	-
Reimbursement of expenses	0.39	0.24	0.17
	<b>16.39</b>	<b>12.74</b>	<b>10.17</b>

## 27 Earnings/(Loss) per share

The calculation of Earning Per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Accounting Standard (AS-20) on "Earning Per Share" as specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India. Earnings per Share ('EPS') is determined based on the net profit attributable to the shareholders'. Basic earnings per share is computed using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including share options, except where the result would be anti-dilutive.

	<b>For the year ended 31 March 2023</b>	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
Profit after tax	245.20	67.24	(400.39)
Weighted average number of equity shares outstanding before bonus issue	124.01	124.01	124.01
Weighted average number of equity shares outstanding after issuing of Bonus Share	165.35	165.35	165.35
Face value per equity share (₹)	10.00	10.00	10.00
Earning per share*			
Basic	1.48	0.41	(2.42)
Diluted	1.48	0.41	(2.42)

\* The company have approved the issuance of 41,33,720 bonus Equity Shares in the ratio of one Equity Share for every three existing fully paid up Equity Share on \_\_\_\_\_  
New Bonus Equity Shares have been considered for the computation of both Basic & Diluted EPS in accordance with para 20 of AS 20 : Earning Per share issued by ICAI for all periods presented

## 28 Capital commitments

	<b>For the year ended 31 March 2023</b>	<b>For the year ended 31 March 2022</b>	<b>For the year ended 31 March 2021</b>
Capital commitment			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	Nil	Nil	2,780.47

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Chatha Foods Limited ( Formely Known as Chatha Foods Private Limited)

CIN-U15310PB1997PLC020578

**Notes to the Restated financial statements**

(All amounts are in ₹ lakhs unless stated otherwise)

**29 Related party disclosure**

In accordance with the requirements of Accounting Standard - 18 'Related Party Disclosures' the names of the related party where control/ability to exercise significant influence exists, along with the aggregate amount of transactions and period end balances with them as identified and certified by the management are given below:

**I Name of the related parties and description of relationship :**

Description of relationship	Name of the Party
<b>A</b> Entities which exercise significant influence over the Company	Rajasthan Asset Management Company Private Limited - SME Tech Fund
<b>B</b> Key management personnel	Paramjit Singh Chatha Gurpreet Singh Chatha Gurcharan Singh Gosal Iqbal Singh Chatha (classified as non promoter w.e.f 08/09/2023 Ravi Mathur (resigned w.e.f 15.07.2023) Navit Kumar Priyanka Oberoi Nidhi (From 01.08.2023 to 18.09.2023)
<b>C</b> Relatives of Key Managerial Persons	Gurpal Gosal

**II Transactions during the year**

The following transactions were carried out with related parties in the ordinary course of business for the year ended 31 March 2023 and 31 March 2022.

S No.	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
		Key Management Personnel	Key Management Personnel	Key Management Personnel
1	<b>Reimbursement of expenses</b>			
	Mr. Paramjit Singh Chatha	2.44	0.23	1.40
	Mr. Gurcharan Singh Gosal	1.83	1.18	0.66
	Mr. Gurpreet Singh Chatha	-	-	0.54
	Mr. Navit Kumar	-	0.60	0.62
2	<b>Sale of goods</b>			
	Mr. Paramjit Singh Chatha	-	0.22	0.23
	Mr. Gurcharan Singh Gosal	-	0.21	0.37
	Mr. Gurpreet Singh Chatha	0.34	0.55	0.15
3	<b>Salary paid</b>			
	Mr. Paramjit Singh Chatha	37.50	30.00	54.58
	Mr. Gurpreet Singh Chatha	14.40	14.40	13.10
	Mr. Gurcharan Singh Gosal	9.67	9.67	8.79
	Mrs. Gurpal Gosal	7.62	7.62	7.62
	Mr. Navit Kumar	3.25	4.01	3.17

**III Balance at the end of the year**

S No.	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
		Key Management Personnel	Key Management Personnel	Key Management Personnel
1	<b>Salary payable</b>			
	Mr. Paramjit Singh Chatha	3.64	1.77	1.41
	Mr. Gurcharan Singh Gosal	0.70	0.70	0.70
	Mr. Gurpreet Singh Chatha	0.99	0.94	1.18

30 Financial Ratios

S No.	Ratio	Measurement unit	Numerator	Denominator	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
					Ratio	Ratio	Ratio	Numerator			Denominator		
1	Current ratio	Times	Current assets	Current liabilities	0.83	0.67	0.70	1,936.05	1,467.78	1,213.87	2,342.89	2,193.24	1,737.78
2	Debt-equity ratio	Times	Total debt [Long-term borrowings + Short-term borrowings]	Total equity	0.49	0.57	0.57	1,060.19	1,101.33	1,065.02	2,175.12	1,929.93	1,862.68
3	Debt service coverage ratio	Times	Net Profit after tax + non-cash operating expenses like depreciation and other amortizations + Interest+other adjustments like loss on sale of fixed assets,etc.	Current Debt Obligation (Interest + Installments)	1.98	1.33	-0.24	618.53	396.87	-62.79	312.01	297.72	260.48
4	Return on equity ratio	Percentage	Net Profit after taxes - preference dividend (if any)	(Beginning shareholders' equity + Ending shareholders' equity) ÷ 2	11.95%	3.55%	-19.41%	245.20	67.24	-400.35	2,052.52	1,896.31	2,062.88
5	Inventory turnover ratio	Times	Total revenue from operations	(Opening Stock + Closing Stock)/2	10.95	11.42	9.33	8,678.20	6,276.09	4,614.46	792.57	549.59	494.72
6	Trade receivables turnover ratio	Times	Revenue from operations	(Beginning Trade Receivables + Ending Trade Receivables) / 2	13.68	12.41	9.76	11,722.77	8,733.41	6,118.06	856.95	703.82	626.91
7	Trade payables turnover ratio	Times	Purchases	(Beginning Trade Payables + Ending Trade Payables) / 2	8.27	7.03	4.98	8,933.22	6,572.71	4,675.36	1,080.59	934.97	939.05
8	Net capital turnover ratio	Times	Total revenue from operations	Current Assets - Current Liability	-28.81	-12.04	-11.68	11,722.77	8,733.41	6,118.06	-406.83	-725.46	-523.91
9	Net profit ratio	Percentage	Profit after tax	Total revenue from operations	2.09%	0.77%	-6.54%	245.20	67.24	-400.35	11,722.77	8,733.41	6,118.06
10	Return on capital employed	Percentage	Profit before Interest and Taxes	Capital employed = Net Worth+Total Debt	13.43%	6.11%	-15.85%	434.41	185.12	-464.06	3,235.31	3,031.26	2,927.70

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**Notes to the Restated financial statements**

(All amounts are in ₹ lakhs unless stated otherwise)

**31 Details of consumption of raw materials:**

Raw material consumed	For the year ended 31 March 2023		For the year ended 31 March 2022		For the year ended 31 March 2021	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Indigenous	8,888.71	100.00%	6,399.83	100.00%	4,697.29	100.00%
	<b>8,888.71</b>	<b>100.00%</b>	<b>6,399.83</b>	<b>100.00%</b>	<b>4,697.29</b>	<b>100.00%</b>

**32 Leases**

Operating leases

The Company is a lessee under a cancellable operating lease. Rental expense for operating lease for the years ended 31 March 2023 , 31 March 2022 and 31 March 2021 was ₹ 13.17 lacs , ₹ 18.06 lacs and ₹ 23.17 Lakhs respectively.

**33** The Company's main business is the manufacturing of ready to eat meat products, which as per Accounting Standard – 17 on “Segment Reporting” as prescribed under Section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India is considered to be the only reportable segment. The Company is primarily operating in India which is considered as a single geographical segment.

**34** The Company is primarily engaged in the business of manufacture frozen and ready to eat meat and vegan foods manufacturer and retails an array of ready to eat and frozen meat and vegan products under the brand “Swiss Naturen” and "The Field Grill" . The Company is the largest supplier of frozen chicken products to Domino’s, Subway, Café Coffee Day and several other leading quick service restaurants in India.and thus, it operates in a single primary segment.The major revenue of company is from one geographical location which is considered to be the only reportable geographical segment. The disclosures as per Accounting Standard (AS) 17 on Segment Reporting are not applicable to the company.

**35** The Company does not have any material contingent liability at end of the year as indentified by the management.

**36** The Code of Social Security, 2020 ('Code') relating to employee benefits, during employment and post-employment benefits, has received the Presidential assent in September 2020. This Code has been published in the Gazette of India. However, the effective date from which the changes are applicable is yet to be notified and the rules for quantifying the financial impact are also yet to be issued. The Company will evaluate the impact of the Code and will give appropriate impact in the financial statements in the period in which the Code becomes effective and the related rules are published.

**37 Additional regulatory information required by Schedule III :**

a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other persons or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The Company has not received any funds from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Chatha Foods Limited ( Formely Known as Chatha Foods Private Limited)**

**CIN-U15310PB1997PTC020578**

**Notes to the Restated financial statements**

(All amounts are in ₹ lakhs unless stated otherwise)

- (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
- (d) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made.
- (e) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- (f) The company has not incurred any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956 for the year ended as at 31 March 2021 , 31 March 2022 and 31 March 2023.
- (g) The Company does not have any charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.
- (h) The Company has no such layers as prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Hence, the said clause is not applicable to the Company.
- (i) The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.
- (j) Money raised by way of term loans were applied for the purposes for which these were obtained.
- (k) The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as at year ended 31 March 2023.
- (l) The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**38** Previous year figures have been regrouped/recasted, wherever considered necessary to make them comparable with those of the current year.

**For A Bafna & Co,**

**Chartered Accountants**

**Firm's Registration No.:003660C**

**Vivek Gupta**

**Membership No. 400543**

**UDIN:**

**For and on behalf of the Board of Directors of**

**Chatha Foods Limited (Formerly Known as Chatha Foods Private Limited)**

**Paramjit Singh Chatha**

**Managing Director**

**(DIN No: 1154225)**

**Gurcharan Singh Gosal**

**Director**

**(DIN No: 1389179)**

**Priyanka Oberoi**

**Company Secretary**

**(Membership No: A32400)**

**Vishal Singh Sirmauria**

**Chief Financial Officer**

**Place:** Chandigarh

**Date:** 29-09-2023

**Place:** Chandigarh

**Date:** 29-09-2023

## OTHER FINANCIAL INFORMATION

In accordance with the SEBI ICDR Regulations, the standalone audited financial statements of our Company as at and for the years ended March 31, 2023, March 31, 2022, and March 31, 2021 (the “Audited Financial Statements”) are available at [www.cfpl.net.in](http://www.cfpl.net.in). Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements and the reports thereon do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Financial Statements and the reports thereon should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the “Investor Group”) and should not be relied upon or used as a basis for any investment decision. None of the Investor Group or any of its advisors, nor any of Book Running Lead Manager nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

### Non-GAAP Measures

We use a variety of financial and operational performance indicators such as Networth, Return on Net Worth, Net Asset Value (per Equity Share), EBITDA and EBITDA Margin, to measure and analyse our operational performance from period to period, and to manage our business. Our management also uses other information that may not be entirely financial in nature, including statistical and other comparative information commonly used within the Indian cashew industry to evaluate our financial and operating performance. These are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with Indian GAAP. We compute and disclose such NonGAAP Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These Non-GAAP Measures and other statistical and other information relating to our operations and financial performance are not standardised terms and may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Accounting Standards and may not be comparable to similarly titled measures presented by other companies. These financial and operational performance indicators have limitations as analytical tools and limited usefulness as a comparative measure. As a result, these financial and operational performance indicators should not be considered in isolation from or as a substitute for analysis of our historical financial performance, as reported and presented in its financial statements. Further, these financial and operational performance indicators are not defined under Accounting Standards and therefore, should not be viewed as substitutes for performance or profitability measures under Accounting Standard. While these financial and operational performance indicators may be used by other companies in the cashew industry, they may use different financial or performance indicators or calculate these ratios differently, and similarly titled measures published by them may therefore not be comparable to those used by us. The following table includes accounting ratios required under paragraph 11 of Part A of Schedule VI of the SEBI ICDR Regulations and certain non GAAP financial information:

Particulars	For the Year Ended 31 March,		
	2023	2022	2021
Restated PAT as per P & L Account	245.20	67.24	(400.35)
Actual Number of Equity Shares outstanding at the end of the year	124.01	124.01	124.01
Equivalent Weighted Average number of Equity Shares at the end of the year	124.01	124.01	124.01
Share Capital	1240.12	1240.12	1240.12
Reserves & Surplus	934.99	689.81	622.56
Misc. Expenses write-off	-	-	-
Net Worth	2,175.11	1,929.93	1,862.68
<b><u>Earnings Per Share:</u></b>			
Basic	1.48	0.41	(2.42)
Diluted	1.48	0.41	(2.42)
Return on Net Worth (%)	11.95	3.55	(19.41)
Net Asset Value Per Share (₹) - based on actual no. of equity shares at the end of the year	17.54	15.56	15.02
EBITDA (Earnings Before Income Tax Depreciation and Amortisation)	708.94	445.81	(203.50)
Nominal Value per Equity share (₹)	10	10	10

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as at March 31, 2023, derived from our Restated Financial Information, and as adjusted for the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Information*" and "*Risk Factors*" on pages 110, 104 and 14 respectively.

PARTICULARS	PRE-ISSUE AS AT March 31, 2023	ADJUSTED FOR THE POST-ISSUE
<b>Borrowings</b>		
Current borrowings*	894.00	[●]
Non-current borrowings*	166.19	[●]
<b>Total borrowings</b>	<b>1,060.19</b>	<b>[●]</b>
<b>Total Equity</b>		
Equity share capital*	1,240.12	[●]
Other Equity*	934.99	[●]
<b>Total Equity</b>	<b>2,175.11</b>	<b>[●]</b>
Ratio: Non-Current Borrowing/Total Equity (Times)	0.08	[●]

\*These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).

## FINANCIAL INDEBTEDNESS

Our Company has, pursuant to an Extra Ordinary General Meeting held on September 13, 2023, resolved that in accordance with the provisions of the Companies Act, 2013, our Board is authorised to borrow, from time to time, such sum or sums of moneys as the Board may deem fit for the purpose of the business of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), in excess to the aggregate of the paid – up capital of our Company and its free reserves, provided that the total amount of money/moneys borrowed by the Board of Directors and outstanding at one time shall not exceed ₹ 1,500 lakhs.

We have obtained the necessary consents required under the relevant financing documentation for undertaking the activities in relation to the Issue, including, inter alia, effecting a change in our capital structure, change in our shareholding pattern and change in the composition of our Board.

Set forth below is a brief summary of all the borrowings of our Company together with a brief description of certain significant terms of the financing arrangements entered into with the banks/ financial institutions. As on March 31, 2023, our total outstanding secured borrowing was ₹ 1060.19 lakhs. As on date of this Draft Red Herring Prospectus, we do not have any unsecured loans.

### SECURED BORROWINGS

Below are the details of secured loans availed by our Company and outstanding as on March 31, 2023:

<i>(Amount in lakhs)</i>				
Sr. No	Purpose of Credit Facility	Date of Sanction/ Renewal	Sanctioned Amount	Outstanding amount as on March 31, 2023 (as per Restated Financial Statements)
<b>1</b>	<b>Working Capital</b>			
1.1	Cash Credit (Revolving)	Renewed on January 18, 2023	450.00	403.38
1.2	Working Capital Demand Loan (Revolving)	Renewed on January 18, 2023	270.00	270.00
<b>2</b>	<b>Term Loan</b>			
2.1	Working Capital Term Loan - 1	Renewed on January 18, 2023	160.20	123.34
2.2	Working Capital Term Loan - 2	Renewed on January 18, 2023	79.92	66.66
2.3	Term Loan 1	Renewed on January 18, 2023	197.89	189.56
2.4	Term Loan 2	Sanctioned on January 18, 2023	100.00	-
<b>3</b>	<b>Car Loan</b>	Sanctioned on February 24, 2021	10.00	3.29
<b>4</b>	<b>Car Loan</b>	Sanctioned on November 14, 2018	28.00	3.96
	<b>Total</b>		<b>1,296.01</b>	<b>1060.19</b>

### Principle terms of the borrowings availed the Company

The details provided below are indicative and there may be additional terms, conditions and requirements under the various financial documentation executed by us in relation to indebtedness of our Company:

1. **Tenor:** The tenor of our working capital facilities typically range from 3 months to 12 months subject to renewal, whereas the term loan facilities availed by our Company typically has a tenor of 48 months to 72 months. For the car loan availed by us, the tenor ranges from 36 months to 72 months.
2. **Security:** For our secured borrowings, we are required to, inter alia:
  - Create charge on immovable fixed assets;
  - Create charge on the present and future current and fixed assets of the Company;
  - Furnish personal guarantees by our Promoters/ Directors;
3. **Rate of Interest:** The rate of interest is arrived at on the basis of the repo rate plus 3.25% or at such other rates of interest that may be reset from time to time.
4. **Repayment:** The working capital facilities availed by our Company are repayable within a period of 3 to 12 months. Term loan facilities availed by our Company are repayable by way of EMI on the due date and on the terms and conditions as may be agreed between us and the respective lenders. Similarly vehicle loans are repayable as per the terms and conditions agreed upon by us and the respective lenders.
5. **Key Covenants:**
  - The Company has to obtain prior permission of the lender before raising any further loan/ availing any facilities against the assets offered as security for the facilities of the lender;
  - The Company has to intimate the lender at any time of raising any further loans/ availing any facilities from any other bank or institution;
  - Any change in shareholding/ directorship/ partnership/ ownership shall be undertaken with prior permission of the lender;
  - In case of delay or default in repayment of any of the facility/ies availed by the Company from the lenders or any other bank or financial institution, the Company shall not allow any pay out by way of salary to directors (other than professional directors)/ partners/ proprietors or by way of interest to other subordinated lenders or by way of dividend to shareholders;
  - The Company shall keep the lenders informed of the happenings – any event likely to have a substantial effect on their stock, production, sales, profit etc. and such changes in the senior management, labour problems, go-down location, power cut, cases filed against the Borrower etc. along with the remedial measures proposed and also provide the details of any addition/ deletion of associate/ sister concerns.
6. **Events of Default:** The following will constitute as an event of default:



- If the Company fails to comply with the conditions specified in the sanction letters/ facility agreements; or
- If the Company fails to promptly pay any amount owing to the lender as and when the same shall become due and payable, or
- If the Company shall fail to duly observe or perform any obligation under the facility or under any other agreement with the lender; or
- Any representation made by the Company to the lender which shall be found by lender to have been false at any time or misleading as of the date on which the same was made or deemed to be made; or
- The threat or apprehension of or the occurrence of any damage to or loss, theft, misappropriation or destruction of any of the secured assets or of any other security of the lender or of any assets of the Company or secured third party.
- The occurrence of any event or condition which, in the lender's opinion, constitutes or could constitute a material adverse change in the business, financial condition or prospects of the Company or which, in the lender's opinion, materially and adversely affects the ability of the Borrower to perform any of its obligations to the lender, or
- On the Company entering into any arrangement or composition with his/her/its/their creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of the Company ; or
- The Company ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so.

The details of events of default and key covenants provided above are indicative and there may be additional terms that may amount to an event of default and/ or constitute a restrictive covenant under the various borrowing arrangements entered into by us.

For further details of financial and other covenants required to be complied with in relation to our borrowings, see *“Risk Factors – In addition to our existing indebtedness for our existing operations, we may incur further indebtedness during the course of business. We cannot assure that we would be able to service our existing and/ or additional indebtedness.”* on page 21.

## RELATED PARTY TRANSACTIONS

For details of related party transactions as per the requirements under AS 18 - Related Party Disclosures, read with the SEBI ICDR Regulations for financial years ended March 31, 2023, March 31, 2022 and March 31, 2021, see “*Note No. 29 of the Restated Financial Information*” on page F-24.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated financial statements for the financial year ended on March 31, 2023, 2022 and 2021 including the notes and significant accounting policies thereto and the reports thereon, which appear elsewhere in this Draft Red Herring Prospectus. You should also see the section titled "Risk Factors" beginning on page 14, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to our Company, unless otherwise stated, is based on restated audited financial statements.

These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI ICDR Regulations and restated as described in the report of our auditors dated September 29, 2023 which is included in this Draft Red Herring Prospectus under the section titled "Restated Financial Statements" beginning on page 104. The restated financial statements have been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. We do not provide a reconciliation of our restated financial statements to US GAAP or IFRS and we have not otherwise quantified or identified the impact of the differences between Indian GAAP and U.S. GAAP or IFRS as applied to our restated financial statements.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements because of certain factors such as those described under "Risk Factors" and "Forward Looking Statements" beginning on pages 14 and 10 respectively, and elsewhere in this Draft Red Herring Prospectus.

Accordingly, the degree to which the financial statements in this Draft Red Herring Prospectus will provide meaningful information depends entirely on such potential investor's level of familiarity with Indian accounting practices. Our F.Y. ends on March 31 of each year; therefore, all references to a particular fiscal are to the twelve-month period ended March 31 of that year. Please also refer to section titled "Certain Conventions, Currency of Presentation, Use of Financial Information And Market Data" beginning on page 9 of this Draft Red Herring Prospectus.

### BUSINESS OVERVIEW

Founded in 1998, Chatha Foods Limited has established itself as a prominent player in India's frozen food processing industry. We cater to leading QSRs (Quick Serving Restaurants), CDRs (Casual Dining Restaurants), and other segments within HoReCa. Over the last 3 years, we have witnessed impressive growth, with our revenue climbing from ₹ 6,118.06 lakhs in FY 2021 to ₹ 8,733.41 lakhs in FY 2022, and further surging to ₹ 11,722.77 lakhs in FY 2023.

Despite the adverse impact of Covid-19, which led to revenue challenges in FY 2021 due to shutdowns and ingredient scarcity, we rebounded remarkably. We continued our strong growth trajectory through FY 2023 with a 24% CAGR in our revenue growth.

FY 2023 witnessed a surge in demand for convenience foods spanning across the nation, from metropolitan areas to Tier 1 and Tier 2 towns. The food service industry, encompassing all QSR brands, has experienced rapid expansion, marked by an increased number of stores per brand and an aggressive push into Tier 1 and Tier 2 towns.

The upsurge of online food delivery, coupled with increasing income levels and evolving lifestyles in India, has led to a heightened demand for convenience foods not only among our established large QSR customers but also among medium and small QSR customers. Notably, our portfolio of QSR customers has expanded from 23 in FY 2021 to 33 in FY 2023.

In response to the burgeoning needs of the food service industry, we've made substantial investments in new equipment, a dedicated facility for vegetarian products, a dedicated New Product Development kitchen to cater to the ever-increasing demand of new and innovative products, an expanded skilled team, and advanced technology. These strategic initiatives have driven our production capacity, elevating it from 2197 MT in FY 2021 to 3659.18 MT in FY 2023

In line with our future growth strategy, we have commenced the development of a new manufacturing facility spanning 3.49 acres. The Land will be utilized for setting up a manufacturing building having 35,360 sq. ft. area and utility shed building of 5,000 sq. ft. for capacity expansion with additional capacity of 29 MT/per day. This expansion is poised to boost our manufacturing capacity and lead to an increase in revenue.

#### **Key Performance Indicators of our Company:**

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
No. of SKU's	204	150	134
<i>Non – vegetarian</i>	150	125	134
<i>Vegetarian</i>	5	0	0
<i>Plant based</i>	49	25	0
No. of customers	33	22	23
No. of Employees	284	255	235
Total revenues [in INR Lakhs]	11,724.23	8,740.31	6,119.03
EBITDA [in INR Lakhs]	708.94	445.81	(203.50)
EBITDA (%)	6.05%	5.10%	(3.33%)
PAT [in INR Lakhs]	245.20	67.24	(400.35)
PAT (%)	2.09%	0.77%	(6.54%)
Net Worth [in INR Lakhs]	2,175.11	1,929.93	1,862.68
Debt Service Coverage Ratio	1.98	1.33	(0.24)
Return on Net Worth (%)	11.95%	3.55%	(19.41%)
Return on Capital Employed (%)	13.43%	6.11%	(15.85%)
Current Ratio (Times)	0.83	0.67	0.70
Cash Conversion Cycle (Days)	22.94	16.76	12.51

Particulars	Description
No. of SKU's	Calculated as total SKUs developed by the Company either through concept manufacturing or concept sharing manufacturing approaches.

No. of customers	Calculated as total clients to whom we are providing serving
No. of Employees	Calculated as total employees employed in the business
Total Revenue	Revenue from operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of the Company and size of our business.
EBITDA	EBITDA provides a comprehensive view of our financial health as it considers all sources of our income.
EBITDA (%)	EBITDA margin (%) is financial ratio that measures our profitability as a percentage of its total revenue.
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT (%)	PAT margin is an indicator of the overall profitability and financial performance of our business.
Net Worth	Net worth represents the shareholders funds invested in the business.
Debt Service Coverage Ratio	Calculated as the sum of profit before tax, depreciation and amortization expense and finance cost divided by the sum of lease payments, principal repayments of secured and unsecured loans, and finance cost related to borrowings
Return on Net Worth	Return on networth (%) is an indicator of our efficiency as it measures our profitability. It represents how efficiently we generate profits from our shareholders funds.
Return on Capital Employed	Return on capital employed refers to a financial ratio that can be used to assess a company's profitability and capital efficiency.
Current Ratio	It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables.
Cash Conversion Cycle	Cash conversion cycle is a metric expressing how many days it takes a company to convert the cash it spends on inventory back into cash by selling its product

#### STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

For details in respect of Statement of Significant Accounting Policies, please refer to *Note 2* of the Restated Financial Statements under chapter titled "*Restated Financial Statements*" beginning on page 104 of this Draft Red Herring Prospectus.

#### FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled "*Risk Factors*" beginning on page 14.

We believe that our results of operations, cash flows and financial condition during the periods under review and future periods will be affected due to the factors such as ability to acquire new customers, providing differentiated products, developing new products, research and development etc. Our operations and financial condition will also be affected by factors such as our ability to secure, maintain and expand existing partnerships, expanding customer base, managing working capital cycles and receipt of payment from customers, managing on time delivery of our products and effective execution of our operations.

#### RESULTS OF OUR OPERATION

(₹ in lakhs)

For the Year ended						
Particulars	31-Mar-23	% of Total Income	31-Mar-22	% of Total Income	31-Mar-21	% of Total Income
<b>INCOME</b>						
Revenue from Operations	11,722.77	99.99%	8,733.41	99.92%	6,118.06	99.98%
Other Income	1.46	0.01%	6.90	0.08%	0.97	0.02%
<b>Total Income (A)</b>	<b>11724.23</b>	<b>100.00%</b>	<b>8740.31</b>	<b>100.00%</b>	<b>6,119.03</b>	<b>100.00%</b>
<b>EXPENDITURE</b>						
Cost of Material Consumed	8,888.71	75.81%	6,399.84	73.22%	4,697.29	76.77%
Changes in inventory of finished goods and work in progress	(204.09)	-1.74%	(64.47)	-0.74%	105.66	1.73%
Employee benefits expense	1,059.87	9.04%	903.10	10.33%	673.34	11.00%
Finance Cost	97.41	0.83%	80.92	0.93%	88.82	1.45%
Depreciation and amortization expense	274.54	2.34%	260.69	2.98%	260.56	4.26%
Other expenses	1,270.80	10.84%	1,056.02	12.08%	846.24	13.83%
<b>Total Expenses (B)</b>	<b>11,387.24</b>	<b>97.13%</b>	<b>8,636.57</b>	<b>98.81%</b>	<b>6,671.91</b>	<b>109.04%</b>
<b>Profit before Exceptional Items(A-B)</b>	<b>337.00</b>	<b>2.87%</b>	<b>104.21</b>	<b>1.19%</b>	<b>(552.88)</b>	<b>-9.04%</b>
<b>Exceptional Items</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>0.00%</b>

<b>Profit Before Tax</b>	<b>337.00</b>	<b>2.87%</b>	<b>104.21</b>	<b>1.19%</b>	<b>(552.88)</b>	<b>-9.04%</b>
<b>Tax expense:</b>						
(i) Current tax	55.91	0.48%	17.73	0.20%	-	0.00%
(ii) Deferred tax	91.82	0.78%	36.97	0.42%	(152.24)	-2.49%
(iii) Income Tax of earlier periods	(55.91)	-0.48%	(17.73)	-0.20%	(0.29)	0.00%
<b>Total Tax Expense</b>	<b>91.82</b>	<b>0.78%</b>	<b>36.97</b>	<b>0.42%</b>	<b>(152.53)</b>	<b>-2.49%</b>
<b>Profit for the year</b>	<b>245.20</b>	<b>2.09%</b>	<b>67.24</b>	<b>0.77%</b>	<b>(400.35)</b>	<b>-6.54%</b>

## Review of Restated Financials

### Key Components of Company's Profit and Loss Statement

**Revenue from Operations:** ₹ 11722.77 lakhs.

**Other Income:** ₹ 1.46 lakhs.

**Expenses:** ₹ 11387.24 lakhs

**Employee Benefits Expense:** ₹ 1059.87 lakhs

**Depreciation and Amortization Expense:** ₹ 274.54 lakhs

**Other Expenses:** ₹ 1270.80 lakhs

### Fiscal 2023 compared with Fiscal 2022

#### Revenue from Operation

Revenue from operations had increased by 34.23 % from ₹ 8,733.41 lakhs in Fiscal 2022 to ₹ 11,722.77 lakhs in Fiscal 2023. Our strong sales growth is attributed to several pivotal drivers, including our expanded customer base and continued growth in the QSR industry. Additionally, our focus on increasing capacity utilization with addition of small QSR customers and private labelling for large conglomerates has contributed to this remarkable revenue augmentation. As we continue this trajectory, we remain steadfast in our commitment to sustaining and building upon this growth momentum.

#### Employee Benefit Expenses

Employee benefit expenses had increased by 17.36% from ₹ 903.10 lakhs in Fiscal 2022 to ₹ 1059.87 lakhs in Fiscal 2023. The increase is largely driven by increased hiring to support growth in the business. We have hired more skilled manpower to support the revenue growth and providing better quality products thus increased profits.

#### Depreciation and Amortization Expenses

Depreciation & Amortization expenses had increased by 5.31% from ₹ 260.69 lakhs in Fiscal 2022 to ₹ 274.54 lakhs in Fiscal 2023. The hike in depreciations is primarily driven by full year depreciation impact of net fixed asset addition of INR 602.76 Lakhs during Fiscal 2022.

#### Other Expenses

Other expenses had increased by 20.34% from ₹ 1056.02 lakhs in Fiscal 2022 to ₹ 1270.80 lakhs in Fiscal 2023. The nominal increase in other expenses is driven by utilities related expenses like Power, Fuel & Warehousing to support the increased production.

#### Tax Expenses

Tax expenses had increased by 148.36% from ₹ 36.97 lakhs in Fiscal 2022 to ₹ 91.82 lakhs in Fiscal 2023. The tax expenses increase is in accordance with PBT increase by 223.38% in FY 2023 from FY 2022.

#### Profit after Tax

After accounting for taxes at applicable rates, our Company reported a net profit of ₹ 245.20 lakhs in Fiscal 2023 as compared to a net profit of ₹ 67.24 lakhs in Fiscal 2022.

Efficient Operations management, better Capacity utilization and better sourcing has helped us improve our margins.

### Fiscal 2022 compared with Fiscal 2021

#### Revenue from Operation

Revenue from operations had increased by 42.75% from ₹ 6,118.06 lakhs in Fiscal 2021 to ₹ 8,733.41 lakhs in Fiscal 2022. The change was due to increase in our existing customer revenue share increase and recoveries from COVID-19 impact on our business.

#### Employee Benefit Expenses

Employee benefit expenses had increased by 34.12% from ₹ 673.34 lakhs in Fiscal 2021 to ₹ 903.10 lakhs in Fiscal 2022. This increase was for support of increase the inhouse production capacity and is in line with topline growth.

#### Depreciation and Amortization Expenses

Depreciation & Amortization expenses had increased by 00.05% from ₹ 260.56 lakhs in Fiscal 2021 to ₹ 260.69 lakhs in Fiscal 2022. The Depreciation & Amortization expenses has largely remained flat year on year.

**Other Expenses:**

Other expenses had increased by 24.79% from ₹ 846.24 lakhs in Fiscal 2021 to ₹ 1056.02 lakhs in Fiscal 2022. The increase in other expenses is driven by utilities related expenses and is in line with topline growth.

**Profit after Tax:**

After accounting for taxes at applicable rates, our Company reported a net profit of ₹ (400.35) lakhs in Fiscal 2021 as compared to a net profit of ₹ 67.24 lakhs in Fiscal 2022.

Efficient Operations management, better Capacity utilization and better sourcing has helped us improve our margins significantly.

**Cash Flows**

Particulars	For the year ended March 31,		
	2023	2022	2021
Net cash generated/(utilized in) from operating activities	314.55	563.01	(86.72)
Net cash utilized in investing activities	(169.85)	(525.34)	(211.37)
Net cash (utilized in)/generated from financing activities	(137.58)	(43.65)	295.73

*in ₹ lakhs*

**Cash Flows from Operating Activities**

Net cash from operating activities for fiscal 2023 was at ₹ 314.55 lakhs as compared to the Profit Before Tax at ₹ 336.99 lakhs while for fiscal 2022 Net cash from operating activities was at ₹ 563.01 lakhs as compared to the Profit Before Tax at ₹ 104.21 Lakhs. During these years the company has generated the cash flow from operations (Before working capital changes) of ₹ 735.10 lakhs and ₹ 454.63 lakhs for FY 2023 and FY 2022. Our Business experienced rapid growth in previous financial years. We have significantly improved on negative cash flow impact.

Net cash from operating activities for fiscal 2022 was at ₹ 563.01 Lakhs as compared to the Profit Before Tax at ₹ 104.21 Lakhs while for fiscal 2021, net cash from operating activities was at ₹ (86.72) Lakhs as compared to the Profit Before Tax of ₹ (552.88) Lakhs. This was primarily due to adverse impact of COVID-19 pandemic on the QSR industry in India. While we suffered temporarily due to COIVD-19 but now we have significantly improved on negative cash flow impact.

**Cash Flows from Investment Activities**

In fiscal 2023, the net cash invested in Investing Activities was ₹ (169.85) Lakhs. This was mainly on account of purchase of Fixed Assets for the support of business growth.

In fiscal 2022, the net cash invested in Investing Activities was ₹ (525.34) Lakhs. To scale up operational efficiency and enhance business growth, we had invested a few portions of our profits in plant & machineries.

In fiscal 2021, the net cash invested in Investing Activities was ₹ (211.37) Lakhs. This was towards the investment in plant & machineries.

**Cash Flows from Financing Activities**

In fiscal 2023, the net cash utilised from financing activities was ₹ (137.58) Lakhs. This was mainly on account Interest & Long-term loans repayments.

In fiscal 2022, the net cash utilised from financing activities was ₹ (43.65) Lakhs. This was mainly on account Interest & Long-term loans repayments.

In fiscal 2021, the net cash generated from financing activities was ₹ 295.73 Lakhs. This was mainly on account of long term and short term borrowings taken to support operations and investments towards plant and machineries and inventories.

**Information required as per Item (II) (C) (iv) of Part A of Schedule VI to the SEBI Regulations:**

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

**1. Unusual or infrequent events or transactions**

Our growth has been broad based, coming largely from the industry growth in QSR segment. There has not been any unusual trend on account of our business activity. There are no Unusual or infrequent events or transactions in our Company. The transactions are as per usual business operations.

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

We do not foresee any significant economic changes that will affect our operations.

**3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under Section “Risk Factors” beginning on page 14 in the Draft Red Herring Prospectus in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

**4. Future changes in relationship between costs and revenues**

Our Company’s future costs and revenues will be determined by growth of industry in which we operate, economic activities and government policies and consumer preferences.

5. **Increases in net sales or revenue and Introduction of new services or increased sales prices.**

We plan to increase our revenue by increasing our customer base through introduction of new products, including launching innovative flavours targeted at addressing diversified consumer tastes, market trends and providing products which are value for money to the consumers.

We feel these steps will help us to continue our strong growth trajectory.

6. **Status of any publicly announced New Service or Business Segment**

Our Company has not announced any new Service or Business Segment.

7. **Seasonality of business**

We have not seen any seasonality impact in our business vertical.

8. **Dependence on few customers/ clients.**

We are catering to the Indian QSR industry and have a long association with our customer. We are also targeting private labelling customer and exports to broaden our customer base.

9. **Competitive conditions**

Competitive conditions are as described under the section titled “*Industry Overview*” and “*Our Business*” beginning on pages 59 and 66, respectively of the Draft Red Herring Prospectus.

10. **Details of material developments after the date of last balance sheet i.e. March 31, 2023**

Please refer to the section titled “*Material Developments Since March 31, 2023*” on page 117 for details material developments after the date of last balance sheet i.e. March 31, 2023.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

There are no outstanding litigations with respect to i) criminal proceedings involving our Company, Promoters or Directors (collectively, “**Relevant Parties**”); (ii) outstanding actions by statutory or regulatory authorities involving the Relevant Parties; (iii) claims involving the Relevant Parties for any direct or indirect tax liabilities; and (iv) any other pending litigations involving the Relevant Parties (other than proceedings covered under (i) to (iii) above) which has been determined to be material pursuant to the Materiality Policy (as disclosed herein below). Further, there are no (i) disciplinary actions including penalties imposed by the SEBI or stock exchanges against our Promoters in the last five Financial Years, immediately preceding the date of this Draft Red Herring Prospectus, including any outstanding action; and (ii) outstanding litigation involving our Group Companies which may have a material impact on our Company.

Our Board of Directors in their meeting held on September 11, 2023, adopted a materiality policy for the purpose of litigation disclosure in this Issue (“**Materiality Policy**”). The Materiality Policy determines that all pending litigation involving the Relevant Parties, other than litigation involving issues of moral turpitude, criminal proceedings, material violations of statutory or regulatory actions, disciplinary actions including penalty imposed by SEBI or stock exchanges, claims related to direct and indirect taxes, would be considered ‘material’ if the monetary amount of claim by or against the entity or person in any such pending proceeding is an amount equal to or exceeding 1% of the revenue from operations of the Company as per the Restated Financial Statements for the Financial Year 2023 of the Company (being ₹ 117.23 lakhs i.e. 1% of ₹11,722.77 lakhs as per the Restated Financial Information for the Financial Year 2023) (“**Materiality Threshold**”), and/ or

pending litigation otherwise determined to be material in terms of the Materiality Policy, i.e. (i) pending litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed ₹ 117 lakhs as stated above or (ii) where the monetary liability is not quantifiable or does not meet the Materiality Threshold but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company.

Further, it is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by our Board, not be considered as material until such time that the Relevant Parties, as applicable, is impleaded as defendant in litigation proceedings before any judicial/arbitral forum.

Except as stated in this section, there are no outstanding material dues to creditors of our Company. In accordance with the Materiality Policy, outstanding dues to any creditor of our Company having monetary value exceeding ₹ 113.92 lakhs, which is 10% of the total outstanding dues (trade payables) as on the date of the latest Restated Financial Statements included in this Draft Red Herring Prospectus, shall be considered as ‘material’. Accordingly, as on March 31, 2023, any outstanding dues exceeding ₹ 113.92 lakhs have been considered as material outstanding dues for the purpose of disclosure in this section. Further, for outstanding dues to any party which is a micro, small or medium enterprise (“**MSME**”), the disclosure will be based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.

All terms defined in a particular litigation disclosure pertain to that litigation only. Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

#### I. LITIGATION INVOLVING OUR COMPANY

##### A. Outstanding Litigation against our Company

###### 1. Criminal Proceedings

Nil

###### 2. Actions taken by Statutory/Regulatory Authorities

Nil

###### 3. Tax Proceedings

Nil

###### 4. Disciplinary action taken by SEBI or Stock Exchange

Nil

###### 5. Other Material Litigations

Nil

##### B. Outstanding Litigation by our Company

###### 1. Criminal Proceedings

Nil

###### 2. Civil and other Material Litigations

Nil

#### II. LITIGATION INVOLVING OUR PROMOTERS

##### A. Cases filed against our Promoters



**1. Criminal Proceedings**

Nil

**2. Actions taken by Statutory/Regulatory Authorities**

Nil

**3. Tax Proceedings**

Nil

**4. Other Material Litigations**

Nil

**B. Cases filed against our Promoters**

**1. Criminal Proceedings**

Nil

**2. Other Material Litigations**

Nil

**C. Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Fiscals**

As on date of this Draft Red Herring Prospectus, no disciplinary action including penalty imposed by SEBI or stock exchanges has been initiated against our Promoters in the last five Fiscals including any outstanding action.

**III. LITIGATION INVOLVING OUR DIRECTORS**

**A. Cases filed against our Directors**

**1. Criminal Proceedings**

Nil

**2. Actions taken by Statutory/Regulatory Authorities**

Nil

**3. Disciplinary action taken by SEBI or stock exchanges**

Nil

**4. Tax Proceedings**

Nil

**5. Other Material Litigations**

Nil

**B. Cases filed by our Directors**

**1. Criminal Proceedings**

Nil

**2. Other Material Litigations**

Nil

**IV. LITIGATION INVOLVING OUR SUBSIDIARY**

Our Company does not have any subsidiary as on the date of this Draft Red Herring Prospectus.

**V. LITIGATION INVOLVING OUR GROUP COMPANIES**

Our Company does not have any Group Companies as on date of this Draft Red Herring Prospectus.

**VI. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS**

Our Board, in its meeting held on September 11, 2023 has considered and adopted the Materiality Policy for identification of material outstanding dues to creditors. In terms of the Materiality Policy, creditors of our Company to whom an amount exceeding 10% of our total outstanding dues (trade payables) as on the date of the latest Restated Financial Statements was outstanding, were considered 'material' creditors.

As per the latest Restated Financial Statements, our total trade payables as on March 31, 2023, was ₹ 1139.21 lakhs and accordingly, creditors to whom outstanding dues exceed ₹ 113.92 lakhs have been considered as material creditors for the purposes of disclosure in this Draft Red Herring Prospectus.

<b>Types of Creditors</b>	<b>No. of Creditors</b>	<b>Amount (₹)*</b>
Outstanding dues to micro, small and medium enterprises	11	101.68
Outstanding dues to material creditors	2	414.87
Outstanding dues to other creditors	153	622.66
<b>Total Outstanding Dues</b>	<b>166</b>	<b>1139.21</b>

*\*All the figures have been rounded off to the nearest lakh (with two places of decimal)*

The details pertaining to net outstanding dues towards our material creditors as on March 31, 2023 (along with the names and amounts involved for each such material creditor) are available on the website of the Company at [www.cfpl.net.in](http://www.cfpl.net.in). It is clarified that such details available on our website do not form a part of the Draft Red Herring Prospectus.

## **VII. MATERIAL DEVELOPMENTS SINCE MARCH 31, 2023**

Except as disclosed in Chapter titled “*Management’s Discussion and Analysis of Financial Conditions & Results of Operations*” beginning on page 110 of this Draft Red Herring Prospectus, there have been no material developments that have occurred after the last financial statements disclosed in this Draft Red Herring Prospectus.

1. Pursuant to the resolution of Board dated September 11, 2023 and resolution of Equity Shareholders dated September 13, 2023 the Company has issued and allotted 41,33,720 Equity Shares in the ratio of 3 (three) fully paid-up bonus share of the face value of ₹10/- each for every existing 1 (one) fully paid-up equity share of the face value of ₹10 each held by the Equity Shareholders of our Company.
2. As per certificate dated September 29, 2023 issued by M/s. A. Bafna & Co., Chartered Accountants the statutory auditors of our Company the EBITDA of 5-month period ended 31st August 2023 (708.94 Lakhs) is more than the EBITDA of entire previous audited year ended 31st March 2023 (540.04 Lakhs), the company has attributed this increase in EBITDA to increased business activities’.
3. Pursuant to resolution of Board dated September 11, 2023 and resolution of Equity Shareholders dated September 13, 2023 the Company increased its authorized share capital from ₹ 13,00,00,000 divided into 1,30,00,000 Equity Shares of ₹10/- each to ₹ 25,00,00,000 divided into 2,50,00,000 Equity Shares of ₹10/- each.
4. Pursuant to special resolution of Equity Shareholders dated August 22, 2023 our Company was converted into a public limited company and subsequently the name of our Company was changed to ‘Chatha Foods Limited’.
5. Pursuant to resolution of Equity Shareholders passed at the Annual General Meeting dated September 9, 2023 our Company appointed M/s A. Bafna & Co., Chartered Accountants as the statutory auditors of the Company for period of 5 (five) years commencing from September 9, 2023.
6. On July 11, 2023, 38,44,359 shares held by SME Tech Fund (RVCF) were transferred to Negen Undiscovered Value Fund 12,40,116 (32.26%), Gurcharan Singh Gosal 6,38,660 (16.61%), Gurpreet Chatha 7,26,708 (18.90%), Namrata Kaur Gurm 1,94,698 (5.06%), Irina Chatha 52,085 (1.36%), Gursimar Singh Chatha 9,92,092 (25.81%).

## GOVERNMENT AND OTHER STATUTORY APPROVALS

*Our Company has received the necessary material consents, licenses, permissions, registrations and approvals from the various governmental agencies and other statutory and/ or regulatory authorities required for carrying out their present business activities. Set out below is a list of consents, licences, permissions, registrations and approvals from various government and regulatory authorities obtained by our Company which are material and necessary for undertaking our business activities and operations. Additionally, unless otherwise stated, these material consents, licenses, permissions, registrations and approvals are valid as on the date of this Draft Red Herring Prospectus. Certain approvals may have lapsed in their normal course and our Company has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or is in the process of making such applications. For details in connection with the regulatory and legal framework within which we operate, see “Key Industrial Regulations and Policies” on page 78. The main objects clause of the Memorandum of Association and objects incidental to main objects enable our Company to carry out its activities.*

*For details in connection with the regulatory and legal framework within which our Company operates, see “Key Regulations and Policies in India” on page 78. For details of risk associated with not obtaining or delay in obtaining the requisite approvals, see “Risk Factors– If we are not able to obtain, renew or maintain our statutory and regulatory licenses, registrations and approvals required to operate our business, it may have a material adverse effect on our business, results of operations and financial condition. on page 19.*

*The following statements set out the details of licenses, permissions and approvals taken by our Company under various central and state laws for carrying out the business.*

### **I. Issue related Approvals**

For the approvals and authorizations obtained by our Company in relation to the Issue, please see section titled “*Other Regulatory and Statutory Disclosures – Authority for the Issue*” on page 121.

### **II. Material Approvals in relation to our Company**

#### **1. General Approvals**

- a) Certificate of Incorporation dated October 8, 1997 under the Companies Act, 1956 issued by Registrar of Companies Punjab, H.P & Chandigarh.
- b) Certificate of Commencement of Business issued by the Registrar of Companies Punjab, H.P & Chandigarh on October 14, 1997.
- c) Certificate of Incorporation dated June 16, 2003 under the Companies Act, 1956 issued by the Registrar of Companies Punjab, H.P & Chandigarh, consequent to conversion of the Company from public limited to private limited company.
- d) Certificate of Incorporation dated September 8, 2023 under the Companies Act, 2013 issued by the Registrar of Companies, Chandigarh, consequent to conversion of the Company from private limited to public limited company.
- e) Certificate of Importer-Exporter Code issued on November 4, 1997 bearing IEC number 3097008152 issued by Directorate General of Foreign Trade, Ministry of Commerce and Industry.
- f) Udyam Registration Certificate dated August 21, 2020 bearing number UDYAM-PB-20-0000929 issued by Ministry of Micro, Small and Medium Enterprises, Government of India.
- g) Industrial Entrepreneur Memorandum dated June 7, 2020 bearing number 623/SIA/IMO/2020, IEM267480 issued by Department for Promotion of Industry and Internal Trade.
- h) Code No. 12/41077/01 allotted to the Company by the Employees’ State Insurance Corporation, Chandigarh under the Employee State Insurance Act, 1948.
- i) Allotment code bearing Code No. PB/ CH-20680 allotted to the Company by the Regional Provident Fund Commissioner, Chandigarh under the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952

#### **2. Tax Related Approvals**

- a) Permanent Account Number issued by the Income Tax Department is AAACC9345F.
- b) Tax deduction Account Number issued by the Income Tax Department is JLDC00551F.
- c) Registration Certificate bearing number 03AAACC9345F1ZY issued by the Government of India under Punjab Goods and Services Tax Act, 2017. (Punjab)
- d) Registration Certificate bearing number 06AAACC9345F1ZS issued by the Government of India under the Goods and Services Tax Act, 2017. (Haryana)

#### **3. Business Related Approvals**

As mentioned hereinabove, we require various approvals, licenses, registrations and permits to carry on our operations in India. Some of these may expire in the ordinary course of business and applications for renewal of such approvals are submitted in accordance with applicable procedures and requirements. An indicative list of the material approvals required by our Company for conducting our operations is provided below.

The following list of business-related approvals which have been availed by our Company.

- a) Registration & License to work a factory bearing registration number SAS0FL5248 issued Department of Labour, Government of Punjab under the Factories Act, 1948.
- b) Certificate of Registration dated July 25, 2019 bearing number M/20//85/PB/PCR-2019/637 issued by Controller of Legal Metrology, Punjab under the Legal Metrology Act, 2009.

- c) Certificate of Registration dated August 12, 2021 bearing number GOI/PB/2021/2004 issued by Department of Consumer Affairs/Weight under the Legal Metrology Act, 2009.
- d) Fire Safety Certificate bearing NOC No. 1502-68609-Fire/50220 issued by Directorate of Punjab Fire and Emergency Services.
- e) Registration-Cum Membership Certificate bearing registration number 12013 issued by the Agricultural and Processed Food Products Export Development Authority, Ministry of Commerce and Industry, Government of India
- f) License (non-veg food) bearing number 10012063000089 issued by Government of India, Food Safety and Standards Authority of India under the Food Safety and Standards Act, 2006.
- g) License (veg frozen food) bearing number 12121999000004 issued by Government of India, Food Safety and Standards Authority of India under the Food Safety and Standards Act, 2006.
- h) License bearing number 10820005000578 issued by Department of Food and Drug Administration Haryana, Food Safety and Standards Authority of India under the Food Safety and Standards Act, 2006 for shop situated at Gurgaon, Haryana.
- i) Permission for extraction of groundwater bearing permission number PWRDA/06/2021/L2/88 issued by the Punjab Water Regulation and Development Authority.
- j) Halal Product Certificate bearing registration number HCS Reg. No.: IPC1217 issued by Kazi Mufti Mohamed Kifayathullah Baqavi, Tamil Nadu Government Kazi for Erode District.
- k) Certificate of Registration bearing U.S. FDA Registration No.: 11852553072 for registration under the U.S. Food and Drug Administration pursuant to the Federal Food Drug and Cosmetic Act, as amended by the Bioterrorism Act of 2002 and the FDA Food Safety Modernization Act.
- l) Our Company gets its pressure vessels tested regularly by competent persons as required under the Factories Act, 1948.

#### 4. Environmental related certificates

- a) Consent to Operate Certificate bearing certificate no. CTOW/Varied/SAS/2021/15892921 issued by the Punjab Pollution Control Board under the Water (Prevention & Control of Pollution) Act, 1974 for discharge of effluent.
- b) Consent to Operate Certificate bearing certificate no. CTOA/Varied/SAS/2021/15894733 issued by the Punjab Pollution Control Board under the Air (Prevention & Control of Pollution) Act, 1974 for discharge of emissions arising out of premises.
- c) Fresh Authorization for operating a facility for Generation, Storage, Disposal, Incineration, of Hazardous Wastes as per the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 bearing authorization No. HWM/renew/SAS/2022/16443708.
- d) Authorization certificate bearing authorization no. BMW/Fresh/SAS/2019/10320407 issued by the Punjab Pollution Control Board under Bio-Medical Waste Management Rules, 2016 framed under Environment (Protection) Act, 1986 for Generation, Collection, Storage, Disposal of Bio-Medical Waste.




#### 5. Quality related certificates


- a) Certificate of Conformity bearing certificate number C0247807 issued by NSF Certification LLC for meeting global standards for food safety.

#### 6. Intellectual Property Related Approvals

##### a) Trademarks

Our Company has registered the following trademarks:

Sr. No	Particulars of the mark	Number	Class
4.	 - Device Mark	4022326	29
5.	 - Device Mark	5011051	30
6.	 - Device Mark	4351537	43

Our Company has made an application for registration with the Registrar of Trademarks for registration of our logo  and the same is pending for registration before the Registrar of Trademarks. For risks involved with respect to inability to obtain such registrations, please refer Risk factor- “We may not be able to adequately protect our intellectual property, which may result in the inability to prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products” on page 17.

#### III. Material Approvals applied for but not received as on the date of this Draft Red Herring Prospectus

- a) Renewal application bearing registration number 18708142515 for certificate as a brand owner under the Plastic Waste Management Rules, 2016 and to be issued by Central Pollution Control Board (Ministry Of Environment, Forest and Climate Change, Govt. of India), is made.

#### IV. Material approvals expired and renewal to be applied for as on the date of this Draft Red Herring Prospectus

Our Company is in the process of availing revised certificates/ licenses for its existing certificates/ licenses pursuant to conversion from private limited to public limited Company.

**V. Material approvals required but not applied for as on the date of this Draft Red Herring Prospectus**

We have not applied for the required licenses and approvals for setting up of our Proposed Manufacturing Facility. Application for same will be made at appropriate stage. For risks related to same, please refer Risk Factor – *“As on date we have not obtained any of the approvals, clearances and permissions as may be required from the relevant authorities for the Proposed Manufacturing Facility. In the event we are unable to obtain such approvals and permits, our business, results of operations, cash flows and financial condition could be adversely affected”* on page 16.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board has approved the Issue pursuant to the resolution passed at its meeting held on September 11, 2023 and our Shareholders have approved the Issue pursuant to a resolution dated September 13, 2023, in terms of Section 62(1)(c) of the Companies Act, 2013. Further, our Board and the IPO Committee pursuant to their resolutions, both dated September 30, 2023, respectively, have approved this Draft Red Herring Prospectus for filing with the Stock Exchange.

Our Company has received in-principle approval for the listing of our Equity Shares from BSE SME pursuant to their letter dated [●].

### Prohibition by SEBI or other Governmental Authorities

Our Company, Promoters, Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Red Herring Prospectus.

### Directors associated with the Securities Market

None of our Directors are associated with the securities market in any manner. Further, there is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Red Herring Prospectus.

Our Promoters or our Directors have not been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018.

### Prohibition by RBI

Neither our Company or Promoters nor our Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Neither our Company and none of our Promoters or Directors have been declared as a fraudulent borrower by any bank, financial institution or lending consortium, in accordance with the 'Master Directions on Fraud-Classification and Reporting by commercial banks and select FIs' dated July 1, 2016, as updated, issued by the RBI.

### Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable, as on the date of this Draft Red Herring Prospectus.

### Eligibility for the Issue

Our Company is eligible for the Issue in accordance with regulation 229(2) and other provisions of Chapter IX of the SEBI ICDR Regulations, whereby an issuer whose post issue face value capital is more than 1,000 lakhs rupees and upto 2,500 lakhs rupees is eligible to issue shares to the public. Our Company also complied with eligibility conditions laid by the BSE SME for listing of our Equity Shares.

### We confirm that:

- 1) In accordance with regulation 260 of the SEBI ICDR Regulations, this Issue will be 100% underwritten and shall not restrict to the minimum subscription level. The Book Running Lead Manger shall underwrite at least 15% of the total Issue size. For further details pertaining to underwriting please see section titled "General Information" beginning on page 29 of this Draft Red Herring Prospectus.
- 2) In accordance with Regulation 268(1) of the SEBI ICDR Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight (8) days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013 shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
- 3) We have filed Draft Red Herring Prospectus with Stock Exchange. Further, pursuant to sub regulation (5) of regulation 246 of the SEBI ICDR Regulations, the copy of Draft Red Herring Prospectus shall also be furnished to the SEBI in a soft copy. However SEBI shall not issue any observation on the Draft Red Herring Prospectus in terms of Regulation 246 of SEBI ICDR.
- 4) In accordance with Regulation 261 of the SEBI ICDR Regulations, we have entered into an agreement with the Book Running Lead Manager and hereby confirm to enter into an agreement with the Market Maker to ensure compulsory market making for the minimum period of three (3) years from the date of listing of equity shares offered in this Issue. For further details of the market making arrangement please see section titled "General Information" beginning on page 29 of this Draft Red Herring Prospectus.
- 5) Our Company was originally incorporated as 'Chatha Foods Limited' on October 8, 1997 as a public limited company under the Companies Act, 1956. Our Company later converted from public limited to private limited and a fresh certificate of incorporation dated June 16, 2003 was issued by the Registrar of Companies Punjab, H.P & Chandigarh. The name of our Company was again changed to 'Chatha Foods Limited' and a fresh certificate of incorporation dated September 8, 2023 was issued by the Registrar of Companies, Chandigarh consequent to conversion from private to public.
- 6) The post issue paid capital of our Company shall not be more than ₹ 2,500 lakhs.
- 7) The Company has track record of three years as on date of filing of this Draft Red Herring Prospectus.
- 8) Our Company has positive cash accruals (earnings before depreciation and tax) from operations for at least two (2) financial years preceding the date of filing of this Draft Red Herring Prospectus.

(₹ in lakhs)

Particulars	For the year ended March 31,		
	2023	2022	2021
Earnings before interest, deprecation and tax (EBITD)	708.94	445.81	-203.50

9) Net worth of the Company is positive.

Particulars	For the year ended March 31,		
	2023	2022	2021
Net Worth	2,175.11	1,929.93	1,862.68

(₹ in lakhs)

10) No petition for winding up is admitted by a court of competent jurisdiction against the Company.

11) There is no material regulatory or disciplinary action taken by a stock exchange or regulatory authority in the past one year in respect of promoters/promoting company (ies), Group Companies, companies promoted by the promoters/promoting companies of the Company.

12) There is no default of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the Company, promoters/promoting company (ies), Group Companies, companies promoted by the promoters/promoting companies of the Company.

13) Our Company has not been referred to Board for Industrial and Financial Reconstruction (BIFR).

14) Our Company has not been referred to the National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code, 2016.

15) No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.

16) The Company has website [www.cfpl.net.in](http://www.cfpl.net.in)

#### Other Disclosures

17) Our Company shall mandatorily facilitate trading in demat securities and has entered into agreement with both the Depositories.

18) As per Regulation 230(1) of the SEBI (ICDR) Regulations, our Company ensured that:

- The Draft Red Herring Prospectus has been filed with SME Platform of BSE Limited and our Company is in the process of receiving an in-principle approval letter from BSE for using its name in this offer document for listing our Equity Shares on the SME Platform of BSE Limited.
- Our Company has entered into agreements with NSDL and CDSL for dematerialisation of its Equity Shares already offered and proposed to be offered.
- The entire pre- Issue Equity Share capital of our Company has been fully paid-up and the Equity Shares proposed to be offered pursuant to this Issue will be fully paid-up.
- The Equity Shares held by our Promoters are in physical form. Our Company has filed the requisite forms for conversion of the equity into dematerialized form.
- Since the entire fund requirement are to be funded from the Net Proceeds of the Issue and internal accruals there is no requirement to make firm arrangements of finance under Regulation 230(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the proposed Issue.

19) Our Company confirms that it will ensure compliance with the conditions specified in Regulation 230(2) of the SEBI ICDR Regulations, to the extent applicable.

20) Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 228 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 228 of the SEBI ICDR Regulations are as follows:

21) We further confirm that we shall be complying with all other requirements as laid down for such Issue under Chapter IX of SEBI ICDR Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

#### Disclaimer clause of SEBI

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, INDORIENT FINANCIAL SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, INDORIENT FINANCIAL SERVICES LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, INDORIENT FINANCIAL SERVICES LIMITED, HAS FURNISHED TO SEBI IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE**



**SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF SECURITIES AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Issue will be complied with at the time of registration of Draft Red Herring Prospectus with Registrar of Companies, Chandigarh in terms of Section 26 and 32 of Companies Act, 2013.

**Disclaimer statement from our Company, Directors and the Book Running Lead Manager**

Our Company, our Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, [www.cfpl.net.in](http://www.cfpl.net.in) would be doing so at his or her own risk.

The Book Running Lead Manager accepts no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information will be made available by the Book Running Lead Manager, Underwriters, Syndicate members and our Company to the public and bidders at large and no selective or additional information would be available for any section of the bidders in any manner whatsoever including at road shows, presentations, in research or sales reports etc. We shall not be liable to the Bidders for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Our Company and the Book Running Lead Manager or any other member of the Syndicate shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

**Caution**

Bidders will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approval to acquire Equity Shares. Our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any bidders on whether such bidder is eligible to acquire Equity Shares.

The Book Running Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

**Price information of past issues handled by the Book Running Lead Manger**

**INDORIENT FINANCIAL SERVICES LIMITED**

1. Price information of past issues handled by Indorient Financial Services Limited.

Sr No	Issue Name	Issue size (₹ in Croes)	Issue Price	Listing date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]		
						30th calendar days from listing	90th calendar days from listing	180th calendar days from listing
1	Secmark Consultancy Limited	15.04	135.00	October 01, 2020	134.00	-50.71, [2.37]	-58.92, [23.05]	-55.07, [26.65]
2	eMudhra Limited	412.79	256.00	June 1, 2022	271.00	-2.61, [-4.27]	38.81, [4.68]	20.79, [12.49]
3	Techknowgreen Solutions Limited	16.72	86.00	September 27, 2023	87.00	NA	NA	NA

Source: [www.bseindia.com](http://www.bseindia.com)

2. Summary statement of price information of past issues handled by Indorient Financial Services Limited. (

Financial Year	Total No. of IPOs	Total Amount of fund raised (₹ in Cr.)	No. of IPOs trading at discount-30 <sup>th</sup> Calendar days from listing			No. of IPOs trading at premium-30 days from the listing			No. of IPOs trading at discount-180 days from the listing			No. of IPOs trading at Premium-180 days from the listing		
			Over 50%	Betw een 25-50%	Les s than 25%	Ove r 50%	Betwe en 25-50%	Les s than 25%	Ove r 50%	Betwe en 25-50%	Les s than 25%	Ove r 50%	Betwe en 25-50%	Les s than 25%



<b>2021-2022</b>	1	15.04	1	Nil	Nil	Nil	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil
<b>2022-2023</b>	1	412.79	Nil	Nil	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	1
<b>2023-2024</b>	1*	16.72	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

*\*The company got listed on September 27, 2023*

#### **Disclaimer in respect of jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹2,500 Lakhs, pension funds with minimum corpus of ₹2,500 Lakhs and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chandigarh, Punjab only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with the SME Platform of BSE Limited for its observations and SME Platform of BSE Limited shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Draft Red Herring Prospectus in each jurisdiction, including India.

#### **Disclaimer clause of the SME Platform of BSE Limited**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the SME Platform of BSE Limited (hereinafter referred to as BSE SME). The disclaimer clause as intimated by BSE SME to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Prospectus prior to RoC filing.

#### **Disclaimer Clause under Rule 144A of the U.S. Securities Act**

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Accordingly, the Equity Shares will be offered and sold (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Listing**

Applications will be made to the Stock Exchange for obtaining permission to deal in and for an official quotation of the Equity Shares being offered and sold in the Issue and SME Platform of BSE Limited is the Designated Stock Exchange, with which the Basis of Allotment will be finalised for the Issue. Our existing Equity Shares are not listed on any Stock Exchanges in India.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchange, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Prospectus. If such money is not repaid within the prescribed time, then our Company and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange mentioned above are taken within 6 (six) Working Days of the Issue Closing Date or such other period as may be prescribed by the SEBI. If our Company does not allot Equity Shares pursuant to the Issue within 6 (six) Working Days from the Issue Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period.

The Company has obtained approval from BSE SME vide letter dated [●] to use the name of BSE in this Issue document for listing of equity shares on SME Platform of BSE Limited.

## Consents

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditor & Peer Reviewed Auditor, Book Running Lead Manager, Legal Advisor to the Issue, Registrar to the Issue have been obtained; and (b) Banker(s) to the Company, Syndicate Member, Underwriter, Market Maker, Public Issue Bank / Banker to the Issue and Refund Banker to the Issue and Sponsor Bank to act in their respective capacities will be obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC, Chandigarh. Our Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Prospectus for filing with the RoC, Chandigarh.

## Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

“Any person who –

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any person in fictitious name, shall be liable for action under section 477”

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## Expert to the Issue

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

Our Company has received written consent dated September 29, 2023 from our Statutory Auditor, namely, M/s. A. Bafna & Co., Chartered Accountants, who hold a valid peer review certificate, to include their name as required under Section 26(5) of the Companies Act 2013 in this Draft Red Herring Prospectus and as an ‘expert’ as defined under Section 2(38) of the Companies Act, 2013 in relation to its examination report dated September 29, 2023 on the Audited Restated Financial Information and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Our Company has received written consent from the independent Chartered Engineer Vinod Kumar Garg to include his name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act in respect of their (i) the Cost Assessment Report – Civil dated September 28, 2023 certifying the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to cost of Land and Capital Expenditure pursuant to construction of Building and Civil work and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent from the independent Chartered Engineer Ravi Behl to include his name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act in respect of their (i) the Cost Assessment Report – Civil dated September 28, 2023 certifying the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to Capital expenditure towards the Processing Plant & Machinery, Utilities and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

## Previous Rights and Public Issues

Except as stated in the section titled “*Capital Structure*” beginning on page 36 of this Draft Red Herring Prospectus, we have not made any previous rights and/or public issues during last 5 years, and are an “Unlisted Issuer” in terms of the SEBI ICDR Regulations and this Issue is an “Initial Public Issue” in terms of the SEBI ICDR Regulations.

## Commission and brokerage

Since this Initial Public Offer of Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares in the last 5 years.

## Capital issue during the previous three years by the Company and Listed Group Company /Subsidiaries/Associates

Our Company has not undertaken a capital issue during the immediately preceding three years of this Draft Red Herring Prospectus. Further, as on date of this Draft Red Herring Prospectus we do not have any Group Companies or Associate Companies or any subsidiary as on the date of filing of this Draft Red Herring Prospectus.

## Promise versus performance of our Company and/or listed subsidiary company and/or listed promoter company/ Group Companies

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Therefore, data regarding promise versus performance is not applicable to us. Further, we do not have any Group Companies or Subsidiaries as on the date of filing of this Draft Red Herring Prospectus.

## Stock market data for our Equity Shares

Our Company is an “Unlisted Issuer” in terms of the SEBI ICDR Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI ICDR Regulations. Thus, there is no stock market data available for the Equity Shares of our Company.

## Mechanism for redressal of investor grievances

The agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least three (3) years from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as the name, address of the bidder, UPI Id (if applicable), number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant / Bidder, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Bidders.

Further, none of our Group Companies are listed on any stock exchange and we do not have any subsidiary, so disclosure regarding mechanism for redressal of investor grievances for our subsidiary companies are not applicable.

#### **Disposal of Investor Grievances by our Company**

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non- routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Stakeholders Relationship Committee of the Board *vide* resolution passed at the Board Meeting held on September 11, 2023. For further details, please see the section titled “*Our Management*” beginning on page 86 of this Draft Red Herring Prospectus.

Our Company has appointed Priyanka Oberoi as Company Secretary and Compliance Officer to redress complaints, if any, of the investors participating in the Issue. Contact details of our Company Secretary and Compliance Officer are set forth below:

**Priyanka Oberoi**  
**Chatha Foods Limited**  
272, Mota Singh Nagar,  
Jalandhar – 144 001,  
Punjab, India.  
**Telephone:** +91 98759 70905  
**Email:** [cs@cfpl.net.in](mailto:cs@cfpl.net.in)

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web-based complaints redress system “SCORES”. This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. The Company shall obtain authentication on the SCORES portal and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

#### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus and hence there are no pending investor complaints as on the date of this Draft Red Herring Prospectus.

#### **Disposal of investor grievances by listed companies under the same management as our Company**

We do not have any listed company under the same management.

#### **Tax Implications**

Investors who are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchange. For details, please refer the section titled ‘*Statement of Tax Benefits*’ beginning on page 56 of this Draft

## SECTION VII – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of this Draft Red Herring Prospectus, Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/ the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the FIPB, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the FIPB, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Issue.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in this Issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public Issue shall use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

Further vide the said circular Registrar to the Issue and Depository Participants have been also authorised to collect the Bid cum Application Forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available.

#### Authority for the Issue

The present Public Issue of up to 61,99,727 Equity Shares has been authorized by a resolution of the Board of Directors of our Company at their meeting held on dated September 11, 2023 and was approved by the Shareholders of the Company by passing Special Resolution at the Extraordinary General Meeting held on September 11, 2023 in accordance with the provisions of Section 62(1)(c) of the Companies Act, 2013.

#### Ranking of Equity Shares

The Equity Shares being issued the Issue shall be subject to the provisions of the Companies Act, 2013, SEBI Listing Regulations, SEBI ICDR Regulations, SCRA read with SCRR, the Memorandum of Association and Articles of Association and shall rank pari – passu in all respects with the existing Equity Shares of our Company including rights in respect of dividend and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with applicable law. For further details, please see section titled “*Main Provisions of Articles of Association*” beginning on page 157 of this Draft Red Herring Prospectus.

#### Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our Shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, our Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the Government of India in this respect. Any dividends declared, after the date of Allotment in this Issue, will be received by the Allottees. For more information, please see sections titled “*Dividend Policy*” and “*Main Provisions of Articles of Association*” on pages 103 and 157 of this Draft Red Herring Prospectus, respectively.

#### Face Value, Issue Price and Price Band

The face value of each Equity Share is ₹ 10 per Equity Share. At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●]. The Anchor Investor issue Price is ₹ [●].

The Price Band and the minimum Bid Lot size will be decided by our Company in consultation with the BRLM, and will be advertised, at least two Working Days prior to the Bid/ Issue Opening Date, in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and Punjabi edition of [●], a regional newspaper each with wide circulation and shall be made available to the Stock Exchange for the purpose of uploading on its website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre filled in the Bid cum Application Forms available on the website of the Stock Exchange. The Issue Price shall be determined by our Company and in consultation with the BRLM, after the Bid/ Issue Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws. The Price Band and the minimum Bid Lot size will be decided by our Company in consultation with the BRLM, and will be advertised, at least two Working Days prior to the Bid/ Issue Opening Date, in all editions of [●], an English national daily newspaper and all editions of [●], a Hindi national daily newspaper and Punjabi edition of [●], a regional newspaper each with wide circulation and shall be made available to the Stock Exchange for the purpose of uploading on its website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre filled in the Bid cum Application Forms available on the website of the Stock Exchange. The Issue Price shall be determined by our Company and in consultation with the BRLM, after the Bid/ Issue Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process. At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

#### Compliance with Disclosure and Accounting Norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or ‘e-voting’, in accordance with the provisions of the Companies Act;
- Right to receive issue for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability of the Equity Shares subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 2013 Act, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture, lien, Transfer, Transmission, consolidation and splitting, please see the section titled “*Main Provisions of Articles of Association*” beginning on page 157 of this Draft Red Herring Prospectus.

#### **Allotment only in Dematerialized Form**

As per the provisions of the Depositories Act, 1996 and the regulations made under and Section 29(1) of the Companies Act, 2013 the Equity Shares to be allotted must be in dematerialized form i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode. Hence, the Equity Shares being offered can be applied for in the dematerialized form only.

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Tripartite Agreement dated September 6, 2019 between NSDL, our Company and Registrar to the Issue; and
- Tripartite Agreement dated September 26, 2023 between CDSL, our Company and Registrar to the Issue.

#### **Minimum Application Value, Market Lot and Trading Lot**

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares and the same may be modified by the BSE SME (SME platform of NSE) from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of [●] Equity Shares is subject to a minimum allotment of [●] Equity Shares to the successful Bidders in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

#### **Minimum Number of Allottees**

In accordance with the Regulation 268 of SEBI ICDR Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 4 working days of closure of Issue.

#### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Jalandhar, Punjab, India.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being issued and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

#### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint holders with benefits of survivorship.

#### **Compliance with SEBI ICDR Regulations**

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **Nomination Facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

#### **Withdrawal of the Issue**

In accordance with SEBI ICDR Regulations, the Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof. In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice in the newspapers in which the pre-Issue advertisements were published, within two (2) days of the Bid/ Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Book Running Lead Manager, through the Registrar to the Issue, will instruct the

SCSBs, to unblock the ASBA Accounts within one working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange on which Equity Shares are proposed to be listed. If the Issue is withdrawn after the designated Date, amounts that have been credited to the Public Issue Account shall be transferred to the Refund Account.

If our Company withdraws the Issue after the Bid/ Issue Closing Date and subsequently decides to undertake a public issue of Equity Shares, our Company will file a fresh Draft Red Herring Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Draft Red Herring Prospectus after it is filed with the ROC.

#### **Bid/ Issue Opening Date**

Bid / Issue Opening Date*	[●]
Bid / Issue Closing Date**	[●]

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

\*\* Our Company in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations

Note:

- In terms of regulation 265 of SEBI ICDR Regulation, 2018, the issue shall be open after at least three working days from the date of filing the prospectus with the Registrar of Companies.
- In terms of regulation 266(1) of SEBI ICDR Regulation, 2018, Except as otherwise provided in these regulations, the public issue shall be kept open for at least three working days and not more than ten working days
- In terms of regulation 266(2) of the SEBI ICDR Regulation, 2018, In case of a revision in the price band, the issuer shall extend the bidding (issue) period disclosed in the Draft Red Herring Prospectus, for a minimum of three working days, subject to the provision of sub-regulation (1) is not applicable to our company as this is a fixed price
- In terms of regulation 266(3) of SEBI ICDR Regulation, 2018, In case of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the issue period disclosed in the Draft Red Herring Prospectus, for a minimum period of three working days, subject to the provision of sub-regulation 266(1)

An indicative timetable in respect of the Issue is set out below:

Event	Indicative Date
Bid/ Issue Closing Date	[●]
Finalization of Basis of Allotment with BSE	[●]
Initiation of Refunds / unblocking of funds from ASBA Account *	[●]
Credit of Equity Shares to demat account of the Allotees	[●]
Commencement of trading of the Equity Shares in NSE	[●]

\*In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Issue Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day during the entire duration of delay exceeding four Working Days from the Bid/ Issue Closing Date by the intermediary responsible for causing such delay in unblocking and/ or any rate in accordance with the applicable law by the intermediary responsible for causing such delay in unblocking. The BRLM shall, in its sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/ CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.

The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Manager.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on BSE SME is taken within six Working Days from the Bid/ Issue Closing Date, the time table may change due to various factors, such as extension of the Issue Period by our Company or any delays in receiving the final listing and trading approval from the Stock Exchange. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

Bid cum Application Forms and any revisions to the same will be accepted only between 10.00 a.m. to 5.00 p.m. (IST) during the Issue Period (except for the Bid/ Issue Closing Date). On the Bid/ Issue Closing Date, the Bid cum Application Forms will be accepted only between 10.00 a.m. to 3.00 p.m. (IST) for retail and non-retail Applicants. The time for applying for Retail Individual Applicants on Bid/ Issue Closing Date maybe extended in consultation with the BRLM, RTA and BSE taking into account the total number of applications received up to the closure of timings.

#### **On the Bid/ Issue Closing Date, the Bids shall be uploaded until:**

- i. 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and until 5.00 p.m. IST or such extended time as permitted by the Stock Exchange, in case of Bids by Retail Individual Bidders.

On the Bid/ Issue Closing Date, extension of time will be granted by the Stock Exchange only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchange.

The Registrar to the Issue shall submit the details of cancelled/ withdrawn/ deleted applications to the SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/ Issue Opening Date till the Bid/ Issue Closing Date by obtaining the same from the Stock Exchange. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLM and the RTA on a daily basis.

To avoid duplication, the facility of re-initiation provided to Syndicate Members, if any shall preferably be allowed only once per Bid/batch and as deemed fit by the Stock Exchange, after closure of the time for uploading Bids.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to the limitation of time available for uploading the Bid-Cum-Application Forms on the Bid/ Issue Closing Date, Bidders are advised to submit their applications one (1) day prior to the Bid/ Issue Closing Date and, in any case, not later than 3.00 p.m. (IST) on the Bid/ Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bid cum Application Forms are received on the Bid/ Issue Closing Date, as is typically experienced in public Issue, some Bid cum Application Forms may not get uploaded due to the lack of sufficient time. Such Bid cum Application Forms that cannot be uploaded will not be considered for allocation under this Issue. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Neither our Company nor the BRLM is liable for any failure in uploading the Bid cum Application Forms due to faults in any software/hardware system or otherwise.

In accordance with SEBI ICDR Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their application (in terms of the quantity of the Equity Shares or the Application amount) at any stage. Retail Individual Applicants can revise or withdraw their Bid Cum Application Forms prior to the Bid/ Issue Closing Date. Allocation to Retail Individual Applicants, in this Issue will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Applicant, the details as per the file received from Stock Exchange may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSBs / RTAs/DPs / stock brokers, as the case may be, for the rectified data.

Our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/ Issue Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares. In case of any revision to the Price Band, the Bid/ Issue Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/ Issue Period not exceeding a total of 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLM, for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a public notice, and also by indicating the change on the respective websites of the BRLM and the terminals of the Syndicate Members, if any and by intimation to SCSBs, other Designated Intermediaries and the Sponsor Bank, as applicable. In case of revision of Price Band, the Bid Lot shall remain the same.

#### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level and is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the issue through the Issue Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In accordance with Regulation 260(1) of the SEBI ICDR Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the Issue through the Draft Red Herring Prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 268 of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty).

Further, in accordance with Regulation 267(2) of the SEBI ICDR Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than ₹ 1,00,000/- (Rupees One Lakh) per application.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **Migration to Main Board**

As per the provisions of the Chapter IX of the SEBI ICDR Regulations, our Company may migrate to the Main board of BSE from the BSE SME on a later date subject to the following:

- If the Paid up Capital of our Company is likely to increase above ₹2,500 lakhs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to BSE Limited for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- If the Paid up Capital of our company is more than ₹1,000 Lakhs but below ₹2,500 lakhs, our Company may still apply for migration to the Main Board and if the Company fulfils the eligible criteria for listing laid by the Main Board and if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

#### **Market Making**

The shares issued through this Issue are proposed to be listed on the BSE SME with compulsory market making through the registered

Market Maker of the Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on BSE SME. For further details of the market making arrangement agreement entered into between the Company, the Book Running Lead Manager and the Market Maker please see section titled “*General Information*” beginning on page 29 of this Draft Red Herring Prospectus.

#### **Arrangement for Disposal of Odd Lot**

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However in terms of Regulation 261(5) of SEBI ICDR Regulations the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on BSE SME.

#### **Option to receive Securities in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Issue shall be allotted only in dematerialized form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form on the Stock Exchange. Bidders will not have the option of Allotment of the Equity Shares in physical form. Allottees shall have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

#### **As per the extent Guideline of the Government of India, OCBs cannot participate in this Issue:**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

#### **New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company through this Issue.

#### **Application by Eligible NRI's, FPI's, VCF's, AIF's registered with SEBI**

It is to be understood that there is no reservation for Eligible NRIs, FPIs or VCF registered with SEBI. Such Eligible NRIs, FPIs or VCF registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

#### **Restrictions on Transfer and Transmission of Equity Shares**

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in the section titled “*Capital Structure*” page 36 and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please see the section titled “*Main Provisions of the Articles of Association*” on page 157.

#### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013 our Company shall, after registering the Prospectus with the RoC publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one widely circulated English language national daily newspaper, one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

*The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Book Running Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws and regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws and regulations.*



## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 229 (2) of Chapter IX of SEBI ICDR Regulations as amended from time to time, whereby, an issuer whose post issue face value capital is more than ₹1,000 lakhs and upto ₹2,500 lakhs, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the BSE SME). For further details regarding the salient features and terms of such an issue please refer sections title “*Terms of the Issue*” an “*Issue Procedure*” on page 127 and 134 of this Draft Red Herring Prospectus.

The Issue comprises of a Public Issue of up to 61,99,727 Equity Shares of face value of ₹10 each fully paid (the “**Equity Shares**”) for cash at a price of ₹ [●] per Equity Shares (including a share premium ₹ [●] per Equity Share) aggregating up to ₹[●] lakhs (“**The Issue**”) by our Company of which [●] Equity Shares of ₹[●] each will be reserved for subscription by Market Maker (“**Market Maker Reservation Portion**”) and a Net Issue to public of [●] Equity Shares of ₹[●] each is 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. The Issue is being made through the Book Building Process.

Particulars of the Issue(2)	Market Maker Reservation Portion	QIB(1)	Non-Institutional Investors	Retail Individual Investors
<b>Number of Equity Shares available for allocation</b>	Upto [●] Equity Shares	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders
<b>Percentage of Issue Size available for allocation</b>	[●] of the Issue Size	Not more than 50% of the Net Issue being available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not less than 15% of the Issue less allocation to QIB Bidders and RIBs will be available for allocation.	Not less than 35% of the Issue less allocation to QIBs and Non-Institutional Bidders will be available for allocation.
<b>Basis of Allotment(3)</b>	Firm Allotment	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.  Up to 60% of the QIB Portion (of up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	Proportionate basis subject to minimum allotment of [●] Equity Shares and further allotment in multiples of [●] Equity Shares	Proportionate basis subject to minimum allotment of [●] Equity Shares
<b>Mode of Allotment</b>	Compulsorily in dematerialized form			
<b>Minimum Bid Size</b>	[●] Equity Shares	Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹200,000	Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹200,000	Such number of Equity Shares in multiples of [●] Equity Shares thereafter
<b>Maximum Bid Size</b>	[●] Equity Shares	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Issue, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Issue (excluding the QIB portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹2,00,000

<b>Trading Lot</b>	[●] Equity Shares, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2018.	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof
<b>Terms of Payment</b>	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form. In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(4)			
<b>Mode of Bid</b>	Only through the ASBA process.	Only through the ASBA process. (Except for Anchor Investors)	Only through the ASBA process	Through ASBA Process, Through Banks or by using UPI ID for payment

This Issue is being made in terms of Chapter IX of the SEBI ICDR Regulations, 2018, as amended from time to time.

- (1) *Our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price Anchor Investor Allocation Price.*
- (2) *In terms of Rule 19(2) of the SCRR read with Regulation 252 of the SEBI (ICDR) Regulations, 2018 this is an Issue for at least 25% of the post issue paid-up Equity share capital of the Company. This Issue is being made through Book Building Process, wherein allocation to the public shall be as per Regulation 252 of the SEBI (ICDR) Regulations.*
- (3) *Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws.*
- (4) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Issue Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN.*

The Bids by FPIs with certain structures as described under “Issue Procedure - Bids by FPIs” on page 139 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

#### **Withdrawal of the Issue**

In accordance with SEBI ICDR Regulations, the Company, in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Issue at any time before the Issue Opening Date, without assigning any reason thereof.

In case, the Company wishes to withdraw the Issue after Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in two widely circulated national newspapers (one each in English and Hindi) and one in regional (Punjabi) newspaper.

The Book Running Lead Manager, through the Registrar to the Issue, will instruct the SCSBs, to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh Draft Red Herring Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company will apply for only after Allotment; and (ii) the registration of the Draft Red Herring Prospectus with the ROC.

## ISSUE PROCEDURE

All Bidders should review the General Information Document for Investing in Public Issue, prepared and issued in accordance with the SEBI circular no (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 notified by SEBI and updated pursuant to SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016, SEBI Circular bearing number (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 (the General Information Document) and SEBI Circular No. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of Stock Exchange, the Company and the Book Running Lead Manager. Please see the relevant provisions of the General Information Document which are applicable to the Issue.

All Designated Intermediaries in relation to the Issue should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles as amended and modified by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019.

Additionally, all Bidders may refer to the General Information Document for information, in addition to what is stated herein, in relation to (i) category of Bidders eligible to participate in the Issue; (ii) maximum and minimum Application size; (iii) price discovery and allocation; (iv) payment instructions for Bidders applying through ASBA process and Retail Individual Investors applying through the United Payments Interface channel; (v) issuance of Confirmation of Allocation Note ("CAN") and Allotment in the Issue; (vi) general instructions (limited to instructions for completing the Bid Cum Application Form); (vii) Designated Date; (viii) disposal of Applications; (ix) submission of Bid Cum Application Form; (x) other instructions (limited to joint Applications in cases of individual, multiple Applications and instances when an Application would be rejected on technical grounds); (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious Applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

With effect from July 1, 2019, with respect to Applications by RIIs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Applications with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("UPI Phase II"), Further pursuant to SEBI Circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 UPI Phase II was extended till March 31, 2020. Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs ("UPI Phase III"), as may be prescribed by SEBI

Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change. Our Company and Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company and Book Running Lead Manager shall not be held liable for any amendment, modification or change in applicable law, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Applications are submitted in accordance with the applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus and the Prospectus.

Pursuant to the SEBI ICDR Regulations, 2018 the ASBA process is mandatory for all investors and it allows the registrar, share transfer agents, depository participants and stock brokers to accept Bid cum Bid cum Application Forms. SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 (UPI Circular) in addition to ASBA Process has introduced an alternate payment mechanism using Unified Payments Interface (UPI), consequent reduction in timelines for listing in a phased manner. Further, SEBI vide its circular no. (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019 has notified Phase II for detail implementation refers below Phased implementation of Unified Payments Interface. Bidders applying through the ASBA process or UPI Mechanism should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs hence Bidder shall ensure that ASBA Bank Account has sufficient Balance.

ASBA Bidders are required to submit ASBA Applications to the selected branches/offices of the RTAs, DPs, Designated Bank Branches of SCSBs. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Bid cum Application Form, please refer the above-mentioned SEBI link. The list of Stock Brokers, Depository Participants (DP), Registrar to an Issue and Share Transfer Agent (RTA) that have been notified by Stock Exchange to act as intermediaries for submitting Bid cum Application Forms are provided on the website of the Stock Exchange.

This section applies to all the Bidders, please note that all the Bidders are required to make payment of the Full Bid Amount along with the Bid cum Application Form.

### Phase implementation of Unified Payments Interface

SEBI has issued a circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 and circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 (collectively the "UPI Circulars") in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circulars, UPI will be introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six working days to up to three working days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI Mechanism, the UPI Circular proposes to introduce and implement the UPI Mechanism in three phases in the following manner:

**Phase I:** This phase has become applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever is later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a Retail Individual

Bidder had the option to submit the Bid cum Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. Subsequently, it was decided to extend the timeline for implementation of Phase II until March 31, 2020. Further, as per SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, the current Phase II of Unified Payments Interface with Application Supported by Blocked Amount is continued till further notice. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI payment mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. The Issuers will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and National Payments Corporation of India (NPCI) in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders into the UPI mechanism.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Book Running Lead Manager.

### **Book Building Procedure**

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the “**SCRR**”) read with Regulation 252 of SEBI ICDR Regulations, 2018, the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The Issue is being made under Regulation 229(2) of Chapter IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 via book building process wherein not more than 50% of the Issue shall be allocated on a proportionate basis to QIBs, provided that our Company and may, in consultation with the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Investors and not less than 35% of the Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of our Company in consultation with the BRLM, and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spillover from other categories or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchange.

*Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders’ depository account, including DP ID, Client ID, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Issue, subject to applicable laws.*

### **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the NSE, at least one day prior to the Bid/Issue Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the BRLM.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Issue only through the ASBA process. ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the RIIs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Since the Issue is made under Phase II of the UPI Circulars, ASBA Bidders may submit the ASBA Form in the manner below:

- i. RIIs (other than the RIIs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- ii. RIIs using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- iii. QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

### **Anchor Investors are not permitted to participate in the issue through the ASBA process**

For Anchor Investors, the Anchor Investor Application Form will be available at the office of the BRLM. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form*
Anchor Investor**	[●]
Indian Public / eligible NRI's applying on a non-repatriation basis (ASBA)	[●]
Non-Residents including eligible NRI's, FPI's, FIIs, FVCIs, etc. applying on a repatriation basis (ASBA)	[●]

\*Excluding Electronic Bid cum Application Form

\*\* Bid cum application for Anchor Investor shall be made available at the Office of the BRLM.

#### Submission and Acceptance of Bid cum Application Form

Designated Intermediaries (other than SCSBs) after accepting Bid Cum Application Form submitted by RIIs (without using UPI for payment), NIIs and QIBs shall capture and upload the relevant details in the electronic bidding system of stock exchange(s) and shall submit/deliver the Bid Cum Application Forms to respective SCSBs where the Bidders has a bank account and shall not submit it to any non-SCSB Bank.

Further, for applications submitted to designated intermediaries (other than SCSBs), with use of UPI for payment, after accepting the Bid Cum Application Form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange(s).

Bidders shall only use the specified Bid Cum Application Form for making an Application in terms of the Draft Red Herring Prospectus.

The Bid Cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidders wish to apply for. Bid Cum Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number. Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB or Sponsor Bank at the time of submitting the Application.

Pursuant to SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 Dated November 10, 2015, an Investor, intending to subscribe to this Issue, shall submit a completed Bid cum Application Form to any of the following Intermediaries (Collectively called "Designated Intermediaries").

Sr. No	Designated Intermediaries
1.	An SCSB, with whom the bank account to be blocked is maintained
2.	A syndicate member (or sub-syndicate member)
3.	A stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ("broker")
4.	A depository participant ("DP") (whose name is mentioned on the website of stock exchange as eligible for this activity)
5.	Registrar to an issue and share transfer agent (RTA) (whose name is mentioned on the website of the stock exchange as eligible for this activity)

Retails investors submitting application with any of the entities at (ii) to (v) above (hereinafter referred as "Intermediaries"), and intending to use UPI, shall also enter their UPI ID in the Bid cum Application Form.

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid cum Application Form, in physical or electronic mode, respectively.

Designated Intermediaries shall submit Bid cum Application Forms to SCSBs only.

The upload of all details in the electronic bidding system of stock exchange will be done by:

<b>For Applications submitted by investors to SCSB:</b>	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchanges(s) and may by blocking funds available in the bank account specified in the form, to the extent of the application money specified
<b>For Applications submitted by investors to intermediaries other than SCSBs without use of UPI for payment:</b>	After accepting the Bid cum Application Form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the Bid cum Application Forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.
<b>For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment:</b>	After accepting the Bid cum Application Form, respective intermediary shall capture and upload the relevant bid details, including UPI ID, in the electronic bidding system of stock exchange(s). Stock Exchange shall share bid details including the UPI ID with Sponsor Bank on a continuous basis, to enable Sponsor Bank to initiate mandate request on investors for blocking of funds. Sponsor Bank shall initiate request for blocking of funds through NPCI to investor. Investor to accept mandate request for blocking of funds, on his/her mobile application, associated with UPI ID linked bank account.

Stock exchange(s) shall validate the electronic bid details with depository's records for DP ID/Client ID and PAN, on a real time basis and bring the inconsistencies to the notice of intermediaries concerned, for rectification and resubmission within the time specified by stock exchange.

Stock exchange shall allow modification of selected fields viz. DP ID/Client ID or Pan ID (Either DP ID/Client ID or Pan ID can be modified but not BOTH), Bank code and Location code, in the bid details already uploaded.

Upon completion and submission of the Bid cum Application Form to Application Collecting intermediaries, the Application are deemed to have authorised our Company to make the necessary changes in the prospectus, without prior or subsequent notice of such changes to the Bidders.

#### Availability of Draft Red Herring Prospectus and Bid cum Application Forms

Copies of the Bid cum Application Form and the Draft Red Herring Prospectus/Prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the Stock Exchange(s), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one (1) day prior to the Bid/ Issue Opening Date.

Bid cum application for Anchor Investor shall be made available at the Office of the BRLM

#### **Who can Bid/ apply?**

Each Bidder should check whether it is eligible to apply under applicable law, rules, regulations, guidelines and policies. Furthermore, certain categories of Bidders, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the DRHP for more details:

- a) FPIs other than Category III foreign portfolio investor;
- b) Category III foreign portfolio investors, which are foreign corporate or foreign individuals only under the Non Institutional Investors (NIIs) category;
- c) Mutual Funds registered with SEBI;
- d) VCFs registered with SEBI;
- e) FVCIs registered with SEBI
- f) Multilateral and bilateral development financial institutions;
- g) State Industrial Development Corporations
- h) Insurance companies registered with Insurance Regulatory and Development Authority;
- i) Provident Funds with a minimum corpus of ₹250 million and who are authorised under their constitution to hold and invest in equity shares;
- j) Pension Funds with a minimum corpus of ₹250 million and who are authorised under their constitution to hold and invest in equity shares;
- k) National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
- l) Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India;
- m) Nominated Investor and Market Maker
- n) Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.
- o) Venture Capital Funds and Alternative Investment Fund (I) registered with SEBI.
- p) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- q) Insurance funds set up and managed by the Department of Posts, India;
- r) Indian nationals' resident in India who are not incompetent to contract under the Indian Contract Act, 1872, as amended, in single or as a joint application and minors having valid Demat account as per Demographic Details provided by the Depositories. Furthermore, based on the information provided by the Depositories, our Company shall have the right to accept the Applications belonging to an account for the benefit of minor (under guardianship);
- s) Hindu Undivided Families or HUFs, in the individual name of the Karta;
- t) Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- u) Eligible QFIs;
- v) Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them.

#### **Applications/ Bids not to be made by:**

1. Minors (except under guardianship)
2. Partnership firms or their nominees
3. Overseas Corporate Bodies
4. Foreign Nationals (except NRIs)

**As per the existing regulations, OCBs are not eligible to participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as 138 incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid Cum Application Form, the OCB shall be eligible to be considered for share allocation.**

*The Equity Shares have not been and will not be registered under the U.S Securities Act or any other applicable law of the United States and, unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the U.S Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs" for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the U.S Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulations under the U.S Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.*

*The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.*

#### **Participation by associates/affiliates of the Book Running Lead Manager**

The Book Running Lead Manager shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Book Running Lead Manager may subscribe to Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Category where the allotment is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLM, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the BRLM nor any persons related to the BRLM (other than Mutual Funds sponsored by entities related to the BRLM), Promoters and Promoter Group can apply in the Issue under the Anchor Investor Portion.



### **Option to subscribe to the Issue**

1. Our Company shall allot the specified securities in dematerialised form only. Investors opting for allotment in dematerialised form may get the specified securities rematerialized subsequent to allotment.
2. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.
3. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

### **Information for the Bidders**

- 1) Our Company and the Book Running Lead Manager shall declare the Bid/ Issue Opening Date and Bid/ Issue Closing Date in the Draft Red Herring Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in a regional newspaper with wide circulation. This advertisement shall be in prescribed format.
- 2) Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Issue Opening Date.
- 3) Copies of the Bid Cum Application Form along with Abridged Prospectus and copies of the Draft Red Herring Prospectus will be available with the, the Book Running Lead Manager, the Registrar to the Issue, and at the Registered Office of our Company. Electronic Bid Cum Application Forms will also be available on the websites of the Stock Exchange.
- 4) Any Bidder who would like to obtain the Draft Red Herring Prospectus and/ or the Bid Cum Application Form can obtain the same from our Registered Office.
- 5) Bidders who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
- 6) Bid Cum Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Bid Cum Application Form submitted by Bidders whose beneficiary account is inactive shall be rejected.
- 7) The Bid Cum Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained, or other Designated Intermediaries (Other than SCSBs). SCSBs may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account. The Retail Individual Bidder has to apply only through UPI Channel, they have to provide the UPI ID and validate the blocking of the funds and such Bid Cum Application Forms that do not contain such details are liable to be rejected.

### **Bids by HUF**

Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of sole or first Bidder/Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

### **Bids by Mutual Funds**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid cum Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Bid cum Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Bids clearly indicate the scheme concerned for which the Bids has been made.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

### **Bids by Anchor Investors**

Our Company in consultation with the BRLM, may consider participation by Anchor Investors in the Issue for up to 60% of the QIB Portion in accordance with the SEBI Regulations. Only QIBs as defined in Regulation 2(1)(ss) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XIII of the SEBI Regulations are eligible to invest. The QIB Portion will be reduced in proportion to allocation under the Anchor Investor Portion. In the event of undersubscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- 1) Anchor Investor Bid cum Application Forms will be made available for the Anchor Investors at the offices of the BRLM.
- 2) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount is at least ₹ 200.00 lakhs. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 200.00 lakhs.
- 3) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- 4) Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date and be completed on the same day.

- 5) Our Company in consultation with the BRLM, will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum and maximum number of Allottees in the Anchor Investor Portion will be, as mentioned below:
  - where allocation in the Anchor Investor Portion is up to ₹200.00 Lakhs, maximum of 2 (two) Anchor Investors.
  - where the allocation under the Anchor Investor Portion is more than ₹200.00 Lakhs but upto ₹2500.00 Lakhs, minimum of 2 (two) and maximum of 15 (fifteen) Anchor Investors, subject to a minimum Allotment of ₹100.00 Lakhs per Anchor Investor; and
  - where the allocation under the Anchor Investor portion is more than ₹2500.00 Lakhs:(i) minimum of 5 (five) and maximum of 15 (fifteen) Anchor Investors for allocation upto ₹2500.00 Lakhs; and (ii) an additional 10 Anchor Investors for every additional allocation of ₹2500.00 Lakhs or part thereof in the Anchor Investor Portion; subject to a minimum Allotment of ₹100.00 Lakhs per Anchor Investor.
- 6) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Bid/ Issue Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLM before the Bid/Issue Opening Date, through intimation to the Stock Exchange.
- 7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
- 8) If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within 2 (two) Working Days from the Bid/ Issue Closing Date. If the Issue Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Issue Price.
- 9) At the end of each day of the bidding period, the demand including allocation made to anchor investors, shall be shown graphically on the bidding terminals of syndicate members and website of stock exchange offering electronically linked transparent bidding facility, for information of public.
- 10) 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.
- 11) The BRLM, our Promoters, Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLM) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLM and made available as part of the records of the BRLM for inspection by SEBI.
- 12) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- 13) Anchor Investors are not permitted to Bid in the Issue through the ASBA process.

#### **Bids by Indian public including eligible NRIs applying on Non-Repatriation**

Bids must be made only in the names of individuals, Limited Companies or Statutory Corporations/institutions and not in the names of Minors, Foreign Nationals, Non Residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a Company). A Bidder in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares issued to the public.

#### **Bids by Eligible NRIs/FII's on Repatriation Basis**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (NRE) accounts, or Foreign Currency Non-Resident (FCNR) ASBA Accounts, and eligible NRI Bidders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (NRO) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs applying on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Eligible NRIs applying on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Pursuant to the provisions of the FEMA regulations, investments by NRIs under the Portfolio Investment Scheme (PIS) is subject to certain limits, i.e., 10.00% of the paid-up equity share capital of the company. Such limit for NRI investment under the PIS route can be increased by passing a board resolution, followed by a special resolution by the shareholders, subject to prior intimation to the RBI. Our Company has not passed any resolution to increase this limit and hence investments by NRIs under the PIS will be subject to a limit of 10% of the paid-up equity capital of the Company.

#### **Bids by FPIs including FII's.**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Issue, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or subaccounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post- Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased upto the sectoral cap by way of a resolution passed by our Board followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to the RBI.



In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the FPI Regulations, an FPI, by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority. In case of Applications made by FPIs, a verified true copy of the certificate of registration issued by the designated Depository Participant under the FPI Regulations is required to be attached along with the Bid cum Application Form, failing which our Company reserves the right to reject the Bid without assigning any reasons thereof.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

SEBI VCF Regulations and SEBI FVCI Regulations inter alia prescribe the investment restrictions on the VCFs and FVCIs registered with SEBI. Further, SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs. Accordingly, the holding by any individual VCF registered with SEBI in one (1) venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds, in the aggregate, in certain specified instruments, which includes subscription to an initial public offering. Category I and II AIFs cannot invest more than 25% of their corpus in one (1) investee company. A category III AIF cannot invest more than 10% of their investible funds in one (1) investee company. A venture capital fund registered as a category I AIF, as defined in SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not reregistered as an AIF under SEBI AIF Regulations shall continue to be regulated by SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of SEBI AIF Regulations. Further, according to SEBI ICDR Regulations, the shareholding of VCFs and category I AIFs or FVCI held in a company prior to making an initial public offering would be exempt from lock-in requirements provided that such equity shares held are locked in for a period of at least one (1) year from the date of purchase by such VCF or category I AIFs or FVCI.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency. There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

#### **Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹2,500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject their Bid in whole or in part, in either case, without assigning any reason thereof.

#### **Bids by limited liability partnership**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject their Application without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

#### **Bids by Banking Companies**

In case of Bids made by banking companies registered with the RBI, certified copies of: (i) the certificate of registration issued by the RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bids by a banking company, without assigning any reason thereof.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the Banking Regulation Act), and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, whichever is less.

Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

#### **Bids by Insurance Companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject their Bid without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- i. equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

- ii. the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (i), (ii) and (iii) above, as the case may be. Insurance companies participating in this Issue, shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time including the Insurance Regulatory and Development Authority of India Investment) Regulations, 2016 (IRDA Investment Regulations).

#### **Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making Bid cum Applications in public issues and clear demarcated funds should be available in such account for Bid cum Applications.

#### **Bids by Systematically Important Non-Banking Financial Companies**

In case of Application made by systemically important non-banking financial companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Application, without assigning any reason thereof. Systemically important non-banking financial companies participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, FPIs, Mutual Funds, Eligible QFIs, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with a minimum corpus of ₹2,500 Lakhs and pension funds with a minimum corpus of ₹ 2,500 Lakhs (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject their Bids in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- With respect to Bids made by provident funds with a minimum corpus of ₹2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form.
- Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the Book Running Lead Manager may deem fit.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that, for the purpose of printing particulars on the refund order and mailing of the Allotment Advice /CANs/letters notifying the unblocking of the bank accounts of ASBA Bidders, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the application). In such cases, the Registrar to the Issue shall use Demographic Details as given on the Bid cum Application Form instead of those obtained from the Depositories.

#### **Bids by OCBs**

In accordance with RBI regulations, OCBs cannot participate in this Issue.

#### **Maximum and Minimum Application Size**

##### **1. For Retail Individual Bidders**

The Application must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Application Price payable by the Bidder does not exceed ₹2,00,000. In case of revision of Applications, the Retail Individual Investors have to ensure that the Application Price does not exceed ₹2,00,000.

##### **2. For other than Retail Individual Bidders (Non-Institutional Investors and QIBs)**

The Application must be for a minimum of such number of Equity Shares that the Bid Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. An Application cannot be submitted for more than the Net Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Bidder cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**Bidders are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

**The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations**

#### **METHOD OF BIDDING PROCESS**

Our Company in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Punjabi Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation at least two Working Days prior to the Bid/ Issue Opening Date. The BRLM and the SCSBs shall accept Bids from the Bidders during the Bid/ Bid/ Issue Period.

- a) The Bid / Bid/ Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/ Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Bid/ Issue Period, if applicable, will be published in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●] and Punjabi Edition of Regional newspaper [●] where the registered office of the company is situated, each with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager.
- b) During the Bid/ Bid/ Issue Period, Retail Individual Bidders, should approach the BRLM or their authorized agents to register their Bids. The BRLM shall accept Bids from Anchor Investors and ASBA Bidders in Specified Cities and it shall have the right to vet the Bids during the Bid/ Bid/ Issue Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders should approach the Designated Branches or the BRLM (for the Bids to be submitted in the Specified Cities) to register their Bids.
- c) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder/Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- d) The Bidder/ Bidder cannot Bid through another Bid cum Application Form after Bids through one Bid cum Application Form have been submitted to a BRLM or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another BRLM or SCSB will be treated as multiple Bid and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Buildup of the Book and Revision of Bids”.
- e) Except in relation to the Bids received from the Anchor Investors, the BRLM/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form
- f) The BRLM shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Bid/ Issue Period i.e. one working day prior to the Bid/ Issue Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- g) Along with the Bid cum Application Form, Anchor Investors will make payment in the manner described in “Escrow Mechanism - Terms of payment and payment into the Escrow Accounts” in the section “Issue Procedure” beginning on page 134 of this Draft Red Herring Prospectus.
- h) Upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form prior to uploading such Bids with the Stock Exchange.
- i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchange.
- j) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- k) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

#### **BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

- a) Our Company in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.
- b) Our Company in consultation with the BRLM, will finalize the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- c) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

- d) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.
- e) The price of the specified securities offered to an Anchor Investor shall not be lower than the price offered to other Bidders.

#### **ISSUANCE OF A CONFIRMATION NOTE (“CAN”) AND ALLOTMENT IN THE ISSUE:**

- 1) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Issue.
- 2) The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder

#### **ISSUE PROCEDURE FOR ASBA (APPLICATION SUPPORTED BY BLOCKED ACCOUNT) BIDDERS**

In accordance with the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Bidders have to compulsorily apply through the ASBA Process. Our Company and the Book Running Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

Lists of banks that have been notified by SEBI to act as SCSB (Self-Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in> . For details on designated branches of SCSB collecting the Bid cum Application Form, please refer the above-mentioned SEBI link.

**BID CUM APPLICATION FORM SHALL BEAR THE STAMP OF THE SYNDICATE MEMBER / SCSBS / REGISTRAR AND SHARE TRANSFER AGENTS / DEPOSITORY PARTICIPANTS / STOCK BROKERS AND IF NOT, THE SAME SHALL BE REJECTED**

#### **Who can apply?**

In accordance with the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Bidders have to compulsorily apply through the ASBA Process.

#### **Mode of payment**

Upon submission of Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amount paid in cash, by money order or by postal order or by stock invest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date.

On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the ASBA Public Issue Account. The balance amount, if any against the said Bid cum Application in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the ASBA Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Application, as the case may be.

#### **Unblocking of ASBA Account**

On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Bidder to the ASBA Public Issue Account as per section 40(3) of the Companies Act, 2013 and shall unblock excess amount, if any in the ASBA Account.

However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalization of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Application, as the case may be.

#### **Terms of Payment**

The entire Issue price of ₹ [●]per equity share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Bidders.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Issue Account, the balance amount after transfer will be unblocked by the SCSBs.

The Bidders should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to Issue and the Registrar to the Issue to facilitate collections from the Bidders.

#### **Payment Mechanism**

The Bidders shall specify the bank account number in their Bid Cum Application Form and the SCSBs shall block an amount equivalent to the Bid Amount in the bank account specified in the Bid Cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of instructions from the Registrar to unblock the Bid Amount.

However, Non-Retail Bidders shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Bid Cum Application Form or for unsuccessful Bid Cum Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within 1 (one) day of receipt of such instruction. The Bid Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Bid by the ASBA Bidder, as the case may be.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self-Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Bidders applying in public Issue have to use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

#### **Payment into Escrow Account for Anchor Investors**

All the investors other than Anchor Investors are required to bid through ASBA Mode. Anchor Investors are requested to note the following:

Our Company in consultation with the Book Running Lead Manager, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- a. In case of resident Anchor Investors: “[●]”
- b. In case of Non-Resident Anchor Investors: “[●]”

Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections from the Anchor Investors.

#### **Procedure for Unified Payment Interface (UPI)**

**In accordance to the SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, to stream line the process of public issue of Equity Shares and convertibles, Phase II shall become effective from July 01, 2019, thereafter for applications by Retail Individual Investors through intermediaries, where the existing process of investor submitting Bid cum Application Form with any intermediaries along with bank account details and movement of such Bid cum Application Forms from intermediaries to self-certified Syndicate Banks (SCSBs) for blocking of funds, will be discontinued. For such applications only the UPI mechanism would be permissible mode.**

#### **Who can apply through UPI Mode:**

Only Retail Individual Investors are allowed to use UPI for the payment in public issues. Qualified Institutional Buyers and High-Net worth Investors shall continue to apply as per the existing process.

#### **Process**

Applications through UPI in IPOs (Public Issue) can be made only through the SCSBs/mobile applications whose name appears on the SEBI website: [www.sebi.gov.in](http://www.sebi.gov.in).

#### **Blocking of Funds:**

- a) Investors shall create UPI ID
- b) Investors shall submit their IPO applications through intermediaries and the investors shall enter UPI ID in the Bid cum Application Form
- c) Thereafter, intermediary shall upload the bid details and UPI ID in the electronic bidding system of the Stock Exchange
- d) Stock Exchange shall validate the bid details on the real time basis with depository's records and shall bring the inconsistencies to the notice of intermediaries for rectification and re-submission
- e) Stock Exchange shall share the details including UPI ID with Sponsor Bank, to enable the Sponsor Bank to initiate the request for the blocking of funds
- f) Thereafter the Investor shall receive notification and shall confirm the request by entering valid UPI PIN and upon such acceptance of request, funds would get blocked and intimation shall be given to the Investor regarding blocking of funds

#### **Unblocking of Funds:**

- a) After the Bid/ Issue Closing day, the RTA on the basis of bidding and blocking received from Stock Exchange undertake a reconciliation and shall prepare Basis of Allotment.
- b) Upon approval of such basis, instructions would be sent to the Sponsor Bank to initiate process for credit of funds in the public issue account and unblocking of excess funds
- c) Based on authorization given by the investor using UPI PIN at the time of blocking of funds, equivalent to the allotment, would be debited from investors account and excess funds, if any, would be unblocked.

**Further, RIIs would continue to have an option to modify or withdraw the bid till the closure of the Bid/ Issue Period. For each such modification of application, RIIs shall submit a revised application and shall receive a mandate request from the Sponsor Bank to be validated as per the process indicated above. Hence, applications made through UPI ID for payment the same shall be revised by using UPI ID only.**

#### **Rejection grounds under UPI Payment Mechanism**

An investor making application using any of channels under UPI Payments Mechanism, shall use only his/her own bank account or only his/her own bank account linked UPI ID to make an application in public issues. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection. Sponsor Bank shall provide the investors UPI linked bank account details to RTA for purpose of reconciliation. RTA shall undertake technical rejection of all applications to reject applications made using third party bank account.

#### **List of Banks providing UPI facility**

An investor shall ensure that when applying in the IPO using UPI facility, the name of his Bank shall appear in the list of SCSBs as displayed on the SEBI website.

A list of SCSBs and mobile application which are live for applying in public issues using UPI mechanism is provided on the SEBI Website at the following path:

Home >> Intermediaries/Market Infrastructure Institutions >> Recognised Intermediaries >> Self Certified Syndicate Banks eligible as Issuer Banks for UPI

Investors whose Bank is not live on UPI as on the date of the aforesaid circular, may use the other alternate channels available to them viz. submission of Bid cum Application Form with SCSBs or using the facility of linked online trading, demat and bank account (Channel I or II at para 5.1 SEBI circular bearing no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018.

#### **Electronic Registration of Bids**

- 1) The Designated Intermediary will register the Bid using the on-line facilities of the Stock Exchange. There will be at least one on-line connectivity facility in each city, where a stock exchange is located in India and where Applications are being accepted. The Book Running Lead Manager, our Company and the Registrar are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Designated Intermediary, (ii) the Bids uploaded by the Designated Intermediary, (iii) the Bids accepted but not uploaded by the Designated Intermediary or (iv) Bids accepted and uploaded without blocking funds.
- 2) The Designated Intermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the Designated Intermediary, (ii) the Bids uploaded by the Designated Intermediary, (iii) the Bids accepted but not uploaded by the Designated Intermediary and (iv) Bids accepted and uploaded without blocking funds. It shall be presumed that for Bids uploaded by the Designated Intermediary, the full Bid Amount has been blocked.
- 3) In case of apparent data entry error either by the Designated Intermediary in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange.
- 4) Only Bids that are uploaded on the Stock Exchanges platform are considered for allocation/Allotment. The Designated Intermediaries are given till 5:00 pm on the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.
- 5) The Stock Exchange will offer an electronic facility for registering Bids for the Issue. This facility will be available with the Designated Intermediary and their authorized agents during the Bid/ Issue Period. The Designated Branches or the Agents of the Designated Intermediary can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities on a regular basis. On the Bid/ Issue Closing Date, the Designated Intermediary shall upload the Bids till such time as may be permitted by the Stock Exchange. This information will be available with the Book Running Lead Manager on a regular basis. Bidders are cautioned that a high inflow of high volumes on the last day of the Bid/ Issue Period may lead to some Applications received on the last day not being uploaded and such Bids will not be considered for allocation.
- 6) At the time of registering each Bidder submitted by an Bidder, Designated Intermediary shall enter the following details of the investor in the on-line system, as applicable:
  - a. Name of Bidder;
  - b. IPO name;
  - c. Bid cum Application Form number;
  - d. Investor Category;
  - e. PAN (of First Bidder, if more than one Bidder)
  - f. DP ID of demat account of the Bidder;
  - g. Client Identification Number of the demat account of the Bidder;
  - h. UPI ID (RIIs applying through UPI Mechanism);
  - i. Number of Equity Shares applied for;
  - j. Location of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - k. Bank account number;
  - l. In case of submission of the Bid by an Bidder through the Electronic Mode, the Bidder shall complete the above-mentioned details and mention the bank account number, except the Electronic Bid cum Application Form number which shall be system generated.
- 7) The Designated intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid cum Application Form, in physical or electronic mode, respectively. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/allotted either by our Company.
- 8) Such acknowledgement will be non-negotiable and by itself will not create any obligation of any kind.
- 9) In case of QIB Bidders, the Book Running Lead Manager has the right to accept the Bid or reject it. However, the rejection should be made at the time of receiving the Application and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders, Bids would be rejected on the technical grounds.
- 10) The permission given by the Stock Exchange to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Book Running Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or



other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.

- 11) Only Bids that are uploaded on the online IPO system of the Stock Exchange shall be considered for allocation/Allotment. The Designated Intermediary will be given time till 5.00 p.m. on the Bid/ Issue Closing Date to verify the PAN, DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period, after which the Registrar will receive this data from the Stock Exchange and will validate the electronic Application details with depository's records. In case no corresponding record is available with depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such Applications are liable to be rejected.

#### **Build of the Book**

- 1) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchange on a regular basis. The book gets built up at various price levels. This information may be available with the Book Running Lead Manager at the end of the Bid/ Bid/ Issue Period.
- 2) Based on the aggregate demand and price for Bids registered on the Stock Exchange Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchange may be made available at the Bidding centres during the Bid/ Bid/ Issue Period.

#### **Withdrawal of Bids**

RIIs can withdraw their Bids until Bid/ Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB or Sponsor Bank in the ASBA Account.

The Registrar to Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

#### **Signing of Underwriting Agreement**

The Issue is 100% Underwritten. For further details please see section titled “*General Information*” on page.

#### **Filing of the Issue Document with the RoC**

For filing details, please see section titled “*General Information*” beginning on page 29 of this Draft Red Herring Prospectus.

#### **Pre- Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, the Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where registered office of the Company is situated. In the pre-Issue advertisement, we shall state the Bid/ Issue Opening Date and the Bid/Issue Closing Date and the floor price or price band along with necessary details subject to regulation 250 of SEBI ICDR Regulations. This advertisement, subject to the provisions of section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI Regulations.

#### **Price Discovery & Allocation of Equity Shares**

- a) Based on the demand generated at various price levels, our Company in consultation with the Book Running Lead Manager, shall finalise the Issue Price and the Anchor Investor Issue Price.
- b) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the Red Herring Prospectus. For details in relation to allocation, the Bidder may refer to the Red Herring Prospectus.
- c) Under-subscription in any category (except QIB Category) is allowed to be met with spillover from any other category or combination of categories at the discretion of the Issuer and the in consultation with the Book Running Lead Manager and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- d) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an undersubscription applicable to the Issuer, Bidders may refer to the Red Herring Prospectus.
- e) In case if the Retail Individual Investor category is entitled to more than the allocated portion on proportionate basis, the category shall be allotted that higher percentage.
- f) Allocation to Anchor Investors shall be at the discretion of our Company and in consultation with the Book Running Lead Manager, subject to compliance with the SEBI Regulations.

#### **Illustration of the Book Building and Price Discovery Process:**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors. Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1000	23	1,500	50.00%
1500	22	3,000	100.00%

2000	21	5,000	166.67%
2500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLM, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories

### General Instructions

Bidders are requested to note the additional instructions provided below:

#### Do's:

1. Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID, Client ID, UPI ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialized form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;
6. If the first Bidder is not the account holder, ensure that the Bid cum Application Form is signed by the account holder;
7. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
8. In case of Joint bids, ensure the first bidder is the ASBA Account holder (or the UPI linked bank account holder, as the case may be) and the signature of the first bidder is included in the Bid cum Application Form;
9. QIBs, Non-Institutional Bidders and the Retail Bidders should submit their Bids through the ASBA process only. However, pursuant to SEBI circular dated November 01, 2018, RII may submit their bid by using UPI mechanism for payment;
10. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
11. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;
12. Ensure that you have funds equal to the Bid Amount in the Bank Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process or application forms submitted by RIIs using UPI mechanism for payment, to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centers), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
13. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
15. Ensure that the Demographic Details are updated, true and correct in all respects;
16. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
18. Ensure that the category and the investor status is indicated;
19. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
20. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
21. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
22. Ensure that the cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;



23. Ensure that you have mentioned the correct ASBA Account number or UPI ID in the Bid cum Application Form;
24. Ensure that you have mentioned the details of your own bank account for blocking of fund or your own bank account linked UPI ID to make application in the Public Issue;
25. Ensure that on receipt of the mandate request from sponsor bank, you have taken necessary step in timely manner for blocking of fund on your account through UPI ID using UPI application;
26. Ensure that you have correctly signed the authorization / undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
27. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and
28. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid / revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not Bid for a Bid Amount exceed Rs. 2,00,000/- (for Applications by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Application exceeds the Issue size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit the General Index Register number instead of the PAN;
12. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
13. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
14. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
16. Do not Bid if you are an OCB.
17. Do not submit a Bid by using details of the third party's bank account or UPI ID which is linked with bank account of the third party. Kindly note that Bids made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

**Instructions for completing the Bid cum Application Form**

The Bid cum Applications should be submitted on the prescribed Bid cum Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Bid cum Application Form. Applications not so made are liable to be rejected. Bid cum Application Forms submitted to the SCSBs should bear the stamp of respective intermediaries to whom the Bid cum Application Form submitted. Bid cum Application Form submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Bid cum Application Forms submitted by Bidders whose beneficiary account is inactive shall be rejected.

SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Bid cum Application Forms in public issues using the stock broker (broker) network of Stock Exchange, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of Stock Exchange. With a view to broad base the reach of Investors by substantial, enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Bid Cum Application Forms in Public Issue with effect front January 01, 2016. The List of ETA and DPs centres for collecting the application shall be disclosed is available on the websites BSE i.e. [www.bseindia.com](http://www.bseindia.com).

**Bidders Depository Account and Bank Details**

**Please note that, providing bank account details in the space provided in the Bid cum Application Form is mandatory and applications that do not contain such details are liable to be rejected.**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Bank Account details would be used for giving refunds to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidder's sole risk and neither the Book Running Lead Manager nor the Registrar to the Issue or the Sponsor Banks or the SCSB nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form. These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue. By signing the Bid cum Application Form, the Bidder would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

#### **Payment by Stock Invest**

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/ 24.47.00/ 2003 04 dated November 5, 2003; the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Application money has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### **Other Instructions**

##### **Joint Bid cum Applications in the case of Individuals**

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

##### **Multiple Bid cum Applications**

Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

##### **Permanent Account Number or PAN**

Pursuant to the circular MRD/DoP/Circ 05/2007 dated April 27, 2007, SEBI has mandated Permanent Account Number (PAN) to be the sole identification number for all participants transacting in the securities market, irrespective of the amount of the transaction w.e.f. July 2, 2007. Each of the Bidders should mention his/her PAN allotted under the IT Act. Bid cum Applications without the PAN will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid cum Application is liable to be rejected on this ground.

**Our Company/Registrar to the Issue, Book Running Lead Manager can, however, accept the Application(s) which PAN is wrongly entered into by ASBA SCSB's in the ASBA system, without any fault on the part of Bidder.**

#### **RIGHT TO REJECT APPLICATIONS**

In case of QIB Bidder, the Company in consultation with the Book Running Lead Manager may reject Bid cum Applications provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Investors, Retail Individual Investors who applied, the Company has a right to reject Applications based on technical grounds. It should be noted that RIIs using third party bank account for the payment in the public issue using UPI facility or using third party UPI ID linked bank account are liable to be rejected.

#### **Grounds for Technical Rejections**

Bidders are requested to note that Application may be rejected on the following additional technical grounds;

1. Amount blocked does not tally with the amount payable for the Equity Shares applied for;
2. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
3. Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
4. PAN not mentioned in the Bid cum Application Form;
5. Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
6. GIR number furnished instead of PAN;
7. Bid for lower number of Equity Shares than specified for that category of investors;
8. Bids at Cut-off Price by NIIs and QIBs;
9. Bids for number of Equity Shares which are not in multiples as specified in the DRHP;
10. The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
11. Bids for lower number of Equity Shares than the minimum specified for that category of investors;
12. Category not ticked;
13. Multiple Bids as defined in the DRHP;
14. In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
15. Bid accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
16. Signature of sole Bidder is missing;
17. Bid cum Application Forms not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the DRHP and as per the instructions in the DRHP and the Bid cum Application Forms;
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
20. Bid by OCBs;

21. Bids by US persons other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
22. Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
23. Bids not uploaded on the terminals of the Stock Exchanges;
24. Where no confirmation is received from SCSB for blocking of funds;
25. Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form. Bids not duly signed by the sole/First Bidder;
26. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
27. Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
28. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
29. Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals; and
30. Details of ASBA Account not provided in the Bid cum Application form.

#### **Equity Shares in Dematerialized Form with NSDL or CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- Tripartite Agreement dated September 6, 2019 between NSDL, our Company and Registrar to the Issue; and
- Tripartite Agreement dated September 26, 2023 between CDSL, our Company and Registrar to the Issue.

The Company’s shares bear as ISIN: INE0AH901011

- a) Bidder applying for Equity Shares in demat form must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the application.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant’s Identification number) appearing in the Bid cum Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the Bidder’s beneficiary account (with the Depository Participant).
- d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) If incomplete or incorrect details are given under the heading Bidders/ Bidders Depository Account Details‘ in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- f) The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with their Depository Participant.
- g) It may be noted that Equity Shares in electronic form can be traded only on the stock exchange having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- h) The trading of the Equity Shares of our Company would be only in dematerialized form.

#### **Communications**

All future communications in connection with Bidder made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders/ Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Banker to the Issue where the Bid cum Application was submitted and a copy of the acknowledgement slip.

**Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-issue or post related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.**

<p><b>Chatha Foods Limited</b> 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India. <b>Telephone:</b> +91 98759 70905 <b>Email:</b> <a href="mailto:cs@cfpl.net.in">cs@cfpl.net.in</a> <b>Website:</b> <a href="http://www.cfpl.net.in">www.cfpl.net.in</a> <b>Contact Person :</b> Priyanka Oberoi</p>	<p><b>Skyline Financial Services Private Limited</b> D-153 A, 1st Floor, Okhla Industrial Area, Phase - I , New Delhi – 110 020, India. <b>Telephone:</b> + 91 97187 39908 <b>Email:</b> <a href="mailto:contact@skylinerta.com">contact@skylinerta.com</a>, <a href="mailto:info@skylinerta.com">info@skylinerta.com</a> <b>Website:</b> <a href="http://www.skylinerta.com">www.skylinerta.com</a> <b>Investor Grievance Id:</b> <a href="mailto:contact@skylinerta.com">contact@skylinerta.com</a> <b>Contact Person:</b> Dinesh, Meenakshi</p>
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#### **Disposal of Applications**

With respect to Investors, our Company shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account of Depository Participants of the Bidders and submit the documents pertaining to the Allocation to the Stock Exchange(s) on the Investor Bidding Date. In case of Bidders who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 4 Working Days from the Bid/ Issue Closing Date.

#### **Impersonation**

Attention of the Bidder is specifically drawn to the provisions of Sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

Section 447 of Companies Act, 2013 deals with 'Fraud' and prescribed a punishment of imprisonment for a term which shall not be less than 6 (six) months but which may extend to 10 (ten) years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to 3 (three) times the amount involved in the fraud"

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchange, along with the Book Running Lead Manager and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

#### **At Par Facility**

Letters of Allotment or refund orders or instructions to Self-Certified Syndicate Banks in Application Supported by Blocked Amount process. The Company shall ensure that 'at par' facility is provided for encashment of refund orders for applications other than Application Supported by Blocked Amount process.

#### **GROUNDS FOR REFUND**

##### **Non-receipt of Listing Permission**

An Issuer makes an Application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchange from where such permission is sought are disclosed in Draft Red Herring Prospectus. The designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the permission to deal in and official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all money received from the Bidders in pursuance of the Prospectus.

In the event that the listing of the Equity Shares does not occur in the manner described in this Draft Red Herring Prospectus, the Book Running Lead Manager and Registrar to the Issue shall intimate Public Issue bank/Bankers to the Issue and Public Issue Bank to the Issue shall transfer the funds from Public Issue account to Refund Account as per the written instruction from Book Running Lead Manager and the Registrar for further payment to the beneficiary Bidders.

If such money is not repaid within four days after the Company becomes liable to repay it, then the Company and every director of the Company who is an officer in default may, on and from such expiry of forth days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the Prospectus.

##### **Minimum Subscription**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per section 39 of the Companies Act, 2013, "if the "Stated Minimum" Amount" has not been subscribed and the sum payable on application money has to be returned within such period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Company does not receive the subscription of 100% of the Issue through this Issue document including devolvement of underwriters within Sixty Days from the date of closure of the Issue shall forthwith refund the entire subscription amount received. If there is a delay beyond four days after the Company become liable to pay the amount, the Company shall pay interest prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitutional or additional provisions as has been or may be notified under the Companies Act, 2013)

##### **Minimum Number of Allottees**

The Company may ensure that the number of Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

##### **Mode of Refunds**

The Company may ensure that the number of Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

- a) In case of ASBA Bids: Within 6 (six) Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid, for any excess amount blocked on Application, for any ASBA Bids withdrawn, rejected or unsuccessful or in the event of withdrawal or failure of the Issue.
- b) In the case of Bidder from Eligible NRIs and FPIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Company may not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency
- c) **In case of Investors:** Within six Working Days of the Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Investors. In case of Investors, the Registrar to the Issue may obtain from the depositories, the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Investors in their Investor Bid cum Application Forms for refunds. Accordingly, Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Investors' sole risk and neither the Company, the Registrar to the Issue, the Sponsor Bank, may be liable to compensate the Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay

##### **Interest in case of delay in Allotment or Refund**

The Company shall make the Allotment within the period prescribed by SEBI. The Company shall pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within such times as maybe specified by SEBI.

##### **Completion of Formalities for Listing & Commencement of Trading**

The Company may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange are taken within 6 Working Days of the Issue Closing Date. The Registrar to the Issue may give instruction for credit of Equity Shares to the beneficiary account with DPs, and dispatch the allotment Advise within 6 Working Days of the Issue Closing Date.

#### **Basis of Allocation**

The SEBI (ICDR) Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the DRHP. For details in relation to allocation, the Bidder may refer to the RHP.

Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI (ICDR) Regulations, Unsubscribed portion in QIB Category is not available for subscription to other categories.

In case of under subscription in the issue, spill-over to the extent of such under- subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the RHP.

#### **Allotment Procedure and Basis of Allotment**

The Allotment of Equity Shares to Bidders other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to DRHP. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue. However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

#### **Basis of Allotment**

##### **a) For Retail Individual Bidders**

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.

If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids. If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

##### **b) For Non-Institutional Bidders**

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non- Institutional Bidders will be made at the Issue Price.

The Issue size less Allotment to QIBs and Retail shall be available for Allotment to Non- Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●]Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

##### **c) For QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP /Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

1. In the first instance allocation to Mutual Funds for [●]% of the QIB Portion shall be determined as follows:
  - In the event that Bids by Mutual Fund exceeds [●]% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for [●]% of the QIB Portion.
  - In the event that the aggregate demand from Mutual Funds is less than [●]% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.
  - Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
2. In the second instance Allotment to all QIBs shall be determined as follows:
  - In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter for [●]% of the QIB Portion.
  - Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, along with other QIB Bidders.
  - Under-subscription below [●]% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis. The aggregate Allotment to QIB Bidders shall not be more than [●] Equity Shares.

##### **d) Allotment to Anchor Investor (If Applicable)**

1. Allocation of Equity Shares to Anchor Investors at the Anchor Investor Allocation Price will be at the discussion of the Issuer, in consultation with the BRLM, subject to compliance with the following requirements :
  - i. not more than 60% of the QIB Portion will be allocated to Anchor Investors;
  - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹2 crores;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 2 crores and up to ₹ 25 crores subject to minimum allotment of ₹ 1 crores per such Anchor Investor; and
    - in case of allocation above twenty five crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation up to twenty five crore rupees and an additional 10 such investors for every additional twenty five crore rupees or part thereof, shall be permitted, subject to a minimum allotment of one crore rupees per such investor.

2. A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer, in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

**3. In the event that the Issue Price is higher than the Anchor Investor Allocation Price:**

Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Allocation Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

**4. In the event the Issue Price is lower than the Anchor Investor Allocation Price:**

Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice

**5. Basis of Allotment for QIBs (other than Anchor Investors) and NIIs in case of Over Subscribed Issue:**

In the event of the Issue being Over-Subscribed, the Issuer may finalise the Basis of Allotment in consultation with the BSE SME (SME platform of NSE) (The Designated Stock Exchange). The allocation may be made in marketable lots on proportionate basis as set forth hereunder:

- i. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of Bidders in the category multiplied by number of Shares applied for).
- ii. The number of Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- iii. For Bids where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:
  - Each successful Bidder shall be allotted [●] Equity Shares; and
  - The successful Bidder out of the total bidders for that category shall be determined by draw of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (ii) above.
- iv. If the proportionate allotment to a Bidder works out to a number that is not a multiple of [●] equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.
- v. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidder in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the Issue specified under the Capital Structure mentioned in this DRHP.

Retail Individual Investor' means an investor who applies for shares of value of not more than ₹2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with NSE.

The Executive Director/ Managing Director of BSE - the Designated Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

**Issuance of Allotment Advice**

Upon approval of the Basis of Allotment by the Designated stock exchange, the Registrar shall upload on its website. On the basis of approved basis of allotment, the Company shall pass necessary corporate action to facilitate the allotment and credit of equity shares. Bidders are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the Issue. Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders who have been allotted Equity Shares in the Issue.

- 1) The dispatch of allotment advice shall be deemed a valid, binding and irrevocable contract.
- 2) **Company will:** (i) the allotment of the equity shares; and (ii) initiate corporate action for credit of shares to the successful Bidder's Depository Account within 4 working days of the Issue Closing date. The Company also ensures the credit of shares to the successful



Bidders Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Issue Account to Public Issue account of the Company.

- 3) The Company will issue and dispatch letters of allotment/or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Issue Closing Date. The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under Section 56 of the Companies Act, 2013 or other applicable provisions, if any.

#### **Designated Date**

On the Designated date, the SCSBs shall transfers the funds represented by allocations of the Equity Shares into Public Issue Account with the Bankers to the Issue.

The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Bid/Issue Closing Date. The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under relevant provisions of the Companies Act, 2013 or other applicable provisions, if any.

#### **Undertaking by our Company**

##### **Our Company undertakes the following:**

- 1) That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- 2) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are proposed to be listed within 6 (Six) working days of closure of the Issue;
- 3) that funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- 4) that the instruction for electronic credit of Equity Shares/refund orders/intimation about the refund to non-resident Indians shall be completed within specified time; and
- 5) that no further issue of Equity Shares shall be made till the Equity Shares offered through the Draft Red Herring Prospectus are listed or until the Application monies are refunded on account of non-listing, under subscription etc
- 6) that the Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
- 7) That if our Company does not proceed with the Issue after the Issue Closing Date, the reason thereof shall be given as a public notice which will be issued by our Company within two (2) days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre- Issue advertisements were published. Stock Exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- 8) The Equity Shares proposed to be offered by it in the Issue shall be allotted and credited to the successful Bidders within the specified time in accordance with the instruction of the Registrar to the Issue;
- 9) If the Allotment is not made, application monies will be refunded/unblocked in the ASBA Accounts within fifteen (15) days from the Issue Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders at the rate of 15% per annum for the delayed period;
- 10) That if our Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh draft red herring prospectus with Stock Exchange/ RoC/ SEBI, in the event our Company subsequently decides to proceed with the Issue;
- 11) That the Promoters' contribution in full, if required, shall be brought in advance before Issue opens for subscription and the balance, if any, shall be brought on a pro rata basis before the calls are made on Bidders in accordance with applicable provisions under SEBI ICDR Regulations;
- 12) That funds required for making refunds to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- 13) That adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non-ASBA applications while finalizing the basis of Allotment; and
- 14) That it shall comply with such disclosure and account norms specified by SEBI from time to time`

#### **Utilization of Issue Proceeds**

Our Board certifies that:

- a) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act; 2013
- b) Details of all monies utilized out of the Issue shall be disclosed and continue to be disclosed till any part of the issue proceeds remains unutilized under an appropriate separate head in the Company's balance sheet indicating the purpose for which such monies have been utilized;
- c) Details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
- d) Our Company shall comply with the requirements of section SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and monitoring of the utilization of the proceeds of the Issue respectively.
- e) Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.
- f) The Book Running Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactorily.

#### **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 (FEMA). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991 unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India ("RBI") and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP").

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment (“FDI”) through press notes and press releases. The DIPP, has issued consolidated FDI Policy Dated the October 15, 2020 (“**FDI Policy 2020**”), which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI policy issued by the DIPP that were in force. The Government of India proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2020 will be valid until the DIPP issues an updated circular.

FDI for items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Foreign Investment is allowed up to 100% under automatic route in our Company subject to certain conditions. For further details, please see the section titled “**Key Industry Regulations and Policies**” beginning on page 78 of this Draft Red Herring Prospectus.

RBI also issues Master Directions - Foreign Investment in India and updates the same from time to time. Presently, FDI in India is being governed by Master Directions on Foreign Investment No. RBI/FED/2017- 18/60 FED Master Direction No. 11/2017-18 dated January 4, 2018, as updated from time to time by the RBI. In terms of the Master Directions, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the applicable pricing guidelines prescribed under the Master Directions. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including the filing of Form FC-GPR.

In case of investment in sectors through Government Route, approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2020 has to be obtained by the company.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and/or subsequent purchase or sale transaction in the Equity Shares of our Company. Investors will not issue, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

#### **Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2020 and amendments from time to time thereupon, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FPI, NRI/OCI, LLPs, FVCI, Investment Vehicles and DRs under Schedule 1, 2, 3, 6, 7, 8, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations, 2017 as amended from time to time. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49% or sectoral /statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral /statutory cap.

#### **Investment by FPIs under Portfolio Investment Scheme (PIS)**

With regards to purchase/sale of capital instruments of an Indian company by an FPI under PIS the total holding by each FPI or an investor group as referred in SEBI (FPI) Regulations, 2014 shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all FPIs put together shall not exceed 24% of paid-up equity capital on fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10% and 24% will be called the individual and aggregate limit, respectively. However, this limit of 24% may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

#### **Investment by NRI or OCI on repatriation basis:**

The purchase/sale of equity shares, debentures, preference shares and share warrants issued by an Indian company (hereinafter referred to as “Capital Instruments”) of a listed Indian company on a recognized stock exchange in India by Non- Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2017 as amended from time to time. The total holding by any individual NRI or OCI shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants; provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

#### **Investment by NRI or OCI on non-repatriation basis**

As per current FDI Policy 2020, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations—Purchase/sale of Capital Instruments or convertible notes or units or contribution to the capital of an LLP by a NRI or OCI on non- repatriation basis—will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”) or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of “US Persons” as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

**Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in**



**reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.**

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

## SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:

Sr. No	Particulars	
1.	The regulations contained in the Table F in Schedule - I to Companies Act, 2013, shall not apply to the Company, but the regulations for the management of the Company and for the observance by the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of, or addition to its regulations by Special Resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles, unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto and the said Table “F”.	<b>Table F not to apply but the Company to be governed by these Articles</b>
<b>Definitions</b>		
2.	In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:	
	(a) “Applicable Laws” means all applicable statutes, laws, ordinances, rules and regulations, Secretarial Standards, judgements, notifications, circulars, orders, decrees, bye-laws, guidelines, directive, or any decision, or determination, or any interpretation, policy, requirements, notification, clarification or administration or other governmental instruction or any similar form of decision, having the force of law, including but not limited to, any authorization by any authority like Ministry of Corporate Affairs, Securities and Exchange Board of India, The Institute of Company Secretaries of India or any other regulatory body, in each case, as may be applicable to the Company and being in effect from time to time.	<b>Applicable Laws</b>
	(b) “Act/Companies Act” means the Companies Act, 2013, including any statutory modification or re-enactment thereof and the “Rules” means the applicable rules for the time being in force as prescribed under the relevant sections of the Companies Act, 2013 and in case of any amendment, modification or re-enactment of the Act or Rules, any references in these Articles of Association to the provisions of the Act or Rules shall be read as reference to the amended provisions of the Act or Rules or corresponding provisions of the re-enacted Act or Rules.	<b>Act/Companies Act</b>
	(c) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.	<b>Annual General Meeting</b>
	(d) “Articles” means these Articles of Association of the Company as adopted or as altered from time to time.	<b>Articles</b>
	(e) “Auditors” means and includes those persons appointed as such for the time being of the Company.	<b>Auditors</b>
	(f) "Capital" or “Share Capital” means the share capital for the time being raised or authorized to be raised for the purpose of the Company.	<b>Capital</b>
	(g) “Beneficial Owner” means a person or persons whose name is recorded as such with a depository.	<b>Beneficial Owner</b>
	(h) “Board” or “Board of Directors” shall mean the collective board of directors of the Company, as duly called and constituted from time to time, in accordance with Law and the provisions of these Articles	<b>Board</b>
	(i) “Board Meeting” shall mean any meeting of the Board, as convened from time to time and any adjournment thereof, in accordance with law and the provisions of these Articles.	<b>Board Meeting</b>
	(j) “Business Day” shall mean a day on which scheduled commercial banks are open for normal banking business.	<b>Business Day</b>
	(k) “Chairperson” shall mean such person as is nominated or appointed in accordance with Article 94 herein below	<b>Chairperson</b>
	(l) “Company” means Chatha Foods Limited.	<b>Company</b>
	(m) “Committee” means shall have the meaning ascribed to such term in Article 156	<b>Committee</b>
	(n) “Depository” means a company registered under the Companies Act, 1956 or Companies Act, 2013, and which has been granted a certificate of registration to act as a depository under the SEBI Act, 1992.	<b>Depository</b>

Sr. No	Particulars	
(o)	“Directors” means the Directors of the Company and includes persons occupying the position of the Directors by whatever names called.	<b>Directors</b>
(p)	“Equity Share Capital” shall mean the total issued and paid-up equity share capital of the Company, calculated on a fully diluted basis.	<b>Equity Share Capital</b>
(q)	“Equity Shares” shall mean fully paid-up equity shares of the Company having a par value of INR 10/- (Rupees Ten) per equity share of the Company, or any other issued Share Capital of the Company that is reclassified, reorganized, reconstituted or converted into equity shares of the Company.	<b>Equity Shares</b>
(r)	“Executor” or “Administrator” means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.	<b>Executor or Administrator</b>
(s)	"Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.	<b>Extra-Ordinary General Meeting</b>
(t)	“General Meeting” means a meeting of members.	<b>General Meeting</b>
(u)	“Financial Year” shall mean any fiscal year of the Company, beginning on April 1 of each calendar year and ending on March 31 of the following calendar year.	<b>Financial Year</b>
(v)	"Legal Representative" means a person who in law represents the estate of a deceased Member.	<b>Legal Representative</b>
(w)	“Managing Director” includes Vice-Chairperson as well as “Vice-Chairperson-Cum-Managing Director”.	<b>Managing Director</b>
(x)	“Member” shall mean a member as defined under the Act.	<b>Member</b>
(y)	“Memorandum” shall mean the memorandum of association of the Company, as amended from time to time.	<b>Memorandum</b>
(z)	“Month” means a calendar month.	<b>Month</b>
(aa)	“National Holiday” means and includes a day declared as National Holiday by the Central Government.	<b>National Holiday</b>
(bb)	“Office” means the Registered Office of the Company.	<b>Office</b>
(cc)	“Ordinary Resolution” and “Special Resolution” shall have the meanings assigned thereto by Section 114 of the Act.	<b>Ordinary and Special Resolution</b>
(dd)	“Paid-up” shall include the amount credited as paid up.	<b>Paid-up</b>
(ee)	“Person” shall mean any natural person, sole proprietorship, partnership, company, body corporate, governmental authority, joint venture, trust, association or other entity (whether registered or not and whether or not having separate legal personality).	<b>Person</b>
(ff)	“Proxy” means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.	<b>Proxy</b>
(gg)	“The Register of Members” means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act.	<b>Register of Members</b>
(hh)	“Registrar” shall mean the Registrar of Companies, from time to time having jurisdiction over the Company	<b>Registrar</b>
(ii)	“Rules” shall mean the rules made under the Act and as notified from time to time.	<b>Rules</b>
(jj)	“Seal” means the Common Seal of the Company.	<b>Seal</b>
(kk)	“SEBI” means the Securities and Exchange Board of India.	<b>SEBI</b>
(ll)	“Securities” or “securities” shall mean any Share (including Equity Shares), scrips, stocks, bonds, debentures, warrants or options whether or	<b>Security</b>

Sr. No	Particulars	
	not, directly or indirectly convertible into, or exercisable or exchangeable into or for Equity Shares, and any other marketable securities.	
	(mm) "Shareholder" or "shareholder" or "member" shall mean any shareholder of the Company, from time to time.	<b>Shareholder or shareholder or member</b>
	(nn) "Shareholders' Meeting" shall mean any meeting of the Shareholders of the Company, including Annual General Meetings as well as Extraordinary General Meetings, convened from time to time in accordance with the Act, applicable Laws and the provisions of these Articles.	<b>Shareholders' Meeting</b>
	(oo) "Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.	<b>Statutes</b>
	(pp) "Variation" shall include abrogation; and "vary" shall include abrogate.	<b>Variation</b>
	(qq) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.	<b>Year and Financial Year</b>
	(rr) Negen Undiscovered Value Fund, registered as a Category III Alternate Investment Fund having its registered address at City Hall Oasis Complex, Kamla Mills Compound P B Marg, Lower Parel W Mumbai, Maharashtra, hereinafter referred to as " <b>Investor</b> " which expression shall, unless repugnant to the context or meaning thereof, be deemed to mean and include its successors, Affiliates or permitted assigns);	<b>Investor</b>
<b>Interpretation Clause</b>		
	(ss) "In Writing" and "Written" shall include printing, lithography and other modes of representing or reproducing words in a visible form in tune with the prevalent technology to the extent permitted by the Act.	<b>In Writing and Written</b>
	(tt) Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Companies Act.	<b>Expression in the Act bear the same meaning in the Articles.</b>
	(uu) "Headings and Marginal notes" hereto are inserted for convenience only and shall not affect the construction hereof.	<b>Heading and Marginal Notes</b>
	(vv) Words importing the singular number shall include the plural number and the words importing the masculine gender shall, where the context admits, include the feminine and neuter gender vice versa.	<b>Singular and Plural number</b>
	Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.	<b>Expressions in the Act to bear the same meaning in Articles</b>
<b>SHARE CAPITAL</b>		
<b>3.</b>	The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other Applicable Laws: (i) Equity Share Capital <ul style="list-style-type: none"> <li>• with voting rights; and/or</li> <li>• with differential voting rights as to dividend, voting, or otherwise in accordance with the Act and other applicable laws;</li> </ul> (ii) Preference Share Capital; (iii) Any other kind of Share Capital as may be permitted.	<b>Kinds of Share Capital</b>
<b>4.</b>	Subject to the provisions of the Act and these Articles, the Authorised Share Capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in Clause V of the Memorandum of Association and the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board thinks fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to issue Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. The Board shall have the power to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital with and subject to any preferential, qualified or special rights,	<b>Capital</b>

Sr. No	Particulars	
	privileges, or conditions may be, thought fit and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division.	
5.	<p>(i) Subject to the provisions of the Act and other Applicable Laws, any preference shares may, with the sanction of a resolution as prescribed under the Act, be issued on the terms that they are or at the option of the Company, liable to be redeemed on such terms and in such manner as the Company before the issue of the shares may, by special resolution as prescribed under the Act, determine.</p> <p>(ii) Convertible Redeemable Preference Shares</p> <p>The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible preference shares liable to be converted in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for conversion at a premium or otherwise and/or conversion of such shares into such Securities on such terms as they may deem fit. Upon the issue of preference shares pursuant to this Article, the following provisions shall apply:</p> <p>(a) No such preference shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of shares made for the purposes of the redemption;</p> <p>(b) No such shares shall be redeemed unless they are fully paid;</p> <p>(c) The premium, if any, payable on redemption shall have been provided for out of the profits of the Company or out of the Company's securities premium account, before the shares are redeemed;</p> <p>(d) Where any such shares are proposed to be redeemed out of the profits of the Company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the "Capital 14 Redemption Reserve Account" and the applicable provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided by Section 55 of the Act, apply as if the Capital Redemption Reserve Account were Paid up Share Capital of the Company;</p> <p>(e) The redemption of preference shares under this Article by the Company shall not be taken as reduction of Share Capital;</p> <p>(f) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued shares of the Company to be issued to the Shareholders as fully paid bonus shares; and</p> <p>(g) Whenever the Company shall redeem any redeemable preference shares, the Company shall, within 30 (thirty) days thereafter, give notice thereof to the Registrar as required by Section 64 of the Act.</p>	<b>Preference shares</b>
6.	The Board shall observe the restrictions as to allotment as contained in the Act.	<b>Restrictions on allotment etc.</b>
7.	Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever (including the goodwill of any business) sold or transferred, or machinery or know-how supplied, or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up in cash or otherwise than in cash, as may be determined by the board, and if so issued shall be deemed to be fully paid up or partly paid up shares as the case may be.	<b>Board may issue and allot shares for consideration other than cash</b>
8.	The shares in the capital of the Company shall be numbered progressively according to their several denominations.	<b>Shares to be numbered progressively</b>
9.	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares, within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is entered on the Register shall for the purpose of these Articles be a member.	<b>Acceptance of shares</b>
10.	The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall, immediately on the insertion of the name of the allottee in the Register of Member as the holder of such share, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.	<b>Deposit and calls etc. to be debt payable immediately</b>
11.	If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalment, every such instalment shall, when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.	<b>Instalments and calls on shares to be duly paid</b>



Sr. No	Particulars	
12.	Except when required by law or ordered by the Court of competent jurisdiction the Company shall not be bound to recognise any person holding any share upon any trust and the Company shall not be bound by, or be compelled in any way recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share of any interest in any fractional part of a share, or (except only as by these Articles or as ordered by a Court of Competent jurisdiction or by law otherwise provided) any order of the rights in respect of any share except an absolute right to the entirety thereof of the registered holder.	<b>Company not bound to recognise any interest in shares other than that of the registered holders</b>
13.	<p>(i) The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscriptions of its securities, provided that the rate per cent or the amount of the commission/any other amount paid or agreed to be paid shall be disclosed in the manner required by the Act and rules made there under.</p> <p>(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Act and Rules framed thereunder.</p> <p>(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.</p>	<b>Power to pay Commission/ Brokerage in connection with securities issued</b>
<b>CERTIFICATES</b>		
14.	<p>(i) Subject to the restrictions imposed on issue of physical share certificate by the Ministry of Corporate Affairs, Securities and Exchange Board of India, Stock Exchanges or any regulatory or statutory authority, every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after receipt of application by the Company for the registration of transfer, sub-division, consolidation, renewal or transmission or within such other period as prescribed under the Act and other applicable laws:</p> <p>(a) one certificate for all his shares without payment of any charges; or</p> <p>(b) several certificates, each for one or more of his shares, upon payment of twenty rupees or such charges as may be fixed by the Board or under the Act for each certificate after the first.</p> <p>(ii) Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed and issued in accordance with the provisions of the Act and the Rules. A Director or other officers may sign a certificate by affixing his/her signatures thereon by means of any machine, equipment or other mechanical means. The Common Seal shall be affixed in the presence of the persons required to sign the certificate.</p> <p>(iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.</p> <p>(iv) The provisions of this Article shall mutatis mutandis apply to issue of certificates for any other securities including debentures, bonds (except where the Act otherwise requires) of the Company.</p>	<b>Member entitled to Share Certificate and Signing of Certificates</b>
15.	A person subscribing to shares offered by the Company shall, subject to applicable laws for the time being in force, have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository. Where a person opts to hold any share with the depository, the Company shall intimate such depository details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.	<b>Option to hold Shares in Physical Form or with Depository</b>
16.	<p>If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed, then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company may deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article may be issued on payment of such fees as may be determined by the Board/Act/Rules.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.</p>	<b>Renewal of Certificate</b>
<p>The provisions of this Article shall mutatis mutandis apply to issue of certificates for any other securities including debentures, bonds (except where the Act otherwise requires) of the Company.</p>		

#### CALLS

Sr. No	Particulars	
17.	(i) Subject to the provisions of Section 49 of the Act, the terms on which any shares may have been issued and allotted, the Board may, from time to time, by resolution passed at the meeting of the Board, make such calls as it thinks fit upon the Shareholders/members in respect of any/all monies unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him at the times and places appointed by the Board.	<b>Board may make calls</b>
	(ii) 14 (fourteen) days' notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment, provided that before the time for payment of such call, the Board may revoke or postpone the same.	<b>Notice of Call</b>
	(iii) The Board may, from time to time, at its discretion, extend the time fixed for payment of any call-in respect of one or more members as the Board may deem appropriate in any circumstances.	<b>Board may extend time for payment</b>
	(iv) A call may be revoked or postponed at the discretion of the Board.	<b>Revocation or postponement of call</b>
18.	A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.	<b>Call may be paid by Instalments</b>
19.	(i) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. (ii) The money, if any, which the Board shall, on the allotment of any shares being made by it, require or direct to be paid by way of allotment money, deposit, call or otherwise as the case may be, in respect of any shares allotted by it, shall, immediately after such allotment, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by the said allottee accordingly. (iii) Every allottee, his heirs or successors, executors or administrators shall pay to the Company the proportion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, at such time or times, and in such manner as the Board shall from time to time, in accordance with the Company's Regulations or fix for the payment thereof.	<b>Liability of joint- holders to pay Calls</b>
20.	(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof ("the due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.	<b>When interest on call or instalment payable</b>
	(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.	<b>Board may waive interest</b>
21.	(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.	<b>Sums payable on Allotment or at fixed date deemed to be Calls</b>
	(ii) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.	<b>Effect of non-payment of sums</b>
	(iii) No individual shall exercise any rights or privileges of Shareholder unless he has paid all calls and other moneys for the time being due on every share held or due on any account or in any manner whatsoever to the Company.	<b>No exercise of right etc. as Shareholder unless all calls and money due on shares paid</b>
22.	The Board: (i) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and (ii) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest, as the Shareholder paying such sum in advance and the Board may agree upon; provide that the money paid in advance of calls not confer: (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.	<b>Payment in anticipation of calls may carry interest</b>

Sr. No	Particulars	
23.	If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by instalments, then every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder.	<b>Payment of shares by Instalments by registered holder or legal representative</b>
24.	All calls shall be made on a uniform basis on all shares falling under the same class. Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class.	<b>Calls shall be made on a uniform basis</b>
25.	Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the forfeiture of such shares as herein provided.	<b>Part payment of Call etc. not to preclude Forfeiture</b>
26.	The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company.	<b>Provisions of Calls shall also apply to other Securities including Debentures</b>
<b>LIEN ON SHARES</b>		
27.	The Company shall have a first and paramount lien: (i) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and (ii) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company.  Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.	<b>Nature and Extent of Lien</b>
	(iii) The Company's lien, if any, on a shares, (not being a fully paid share) shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.	<b>Lien to extend to dividends, etc.</b>
	Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's lien.	<b>Waiver of lien in case of registration</b>
28.	The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien. Provided that no sale shall be made: (i) unless a sum in respect of which the lien exists is presently payable; or (ii) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the shares or the person entitled thereto by reason of his death or insolvency or otherwise.	<b>Enforcing of Lien by Sale</b>
29.	(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.	<b>Effect of sale</b>
	(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.	<b>Purchaser to be registered holder</b>
	(iii) The receipt of the Company for the consideration (if any) given for the shares on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the shares and the purchaser shall be registered as the holder of the shares.	<b>Validity of Company's receipt</b>
	(iv) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.	<b>Purchaser not affected</b>
30.	(i) The net proceeds of the sale shall be received by the Company and applied in or towards satisfaction of the said debts, liabilities, engagements and obligations in respect of which the lien exists and the surplus (if any) paid to such member, his representatives or assigns and in case of deficiency the liability of such members, for the amount thereof shall continue.	<b>Application of Sale Proceeds</b>
	(ii) The residue, if any, shall, subject to a like lien for sums not presently payable, as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.	<b>Payment of residual money</b>



Sr. No	Particulars	
31.	The provisions of these Articles relating to lien shall mutatis mutandis apply to any other securities including debentures of the Company.	<b>Provisions of Lien shall also apply to other Securities including debentures</b>
<b>FORFEITURE OF SHARES</b>		
32.	If a member fails to pay any call, or instalment of a call, or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment.	<b>Notice requiring payment of Call, instalment etc.</b>
33.	The notice aforesaid shall: (i) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and (ii) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.	<b>Contents of Notice</b>
34.	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.	<b>Effects on Non- Compliance of Notice</b>
35.	When any share have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.	<b>Entry of the Forfeiture</b>
36.	The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.	<b>Effect of Forfeiture</b>
37.	(i) A forfeited share shall deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit; (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.	<b>Forfeited Shares, Property of the Company</b>
38.	(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares; (ii) All such monies payable shall be paid together with interest thereon at such rate as the Board may determine, from the time of forfeiture until payment or realisation. The Board may, if it thinks fit, but without being under any obligation to do so, enforce the payment of the whole or any portion of the monies due, without any allowance for the value of the shares at the time of forfeiture or waive payment in whole or in part; (iii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.	<b>Liability to pay Call etc. after Forfeiture</b>
39.	(i) A duly verified declaration in writing that the declarant is a Director, the Manager or the Secretary, of the Company or any other person authorised by the Board, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.	<b>Certificate of Forfeiture</b>
	(ii) Subject to the provisions of Act, the Directors may at any time before any shares so forfeited are sold, re-allotted or otherwise disposed of, shall have power to annul forfeiture thereof upon such conditions as they think fit.	<b>Power to annul forfeiture</b>
	(iii) The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.	<b>Title of purchaser and transferee of forfeited shares</b>
	(iv) The transferee shall thereupon be registered as the holder of the share; and	<b>Transferee to be registered as holder</b>
	(v) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity	<b>Transferee rights not affected</b>

Sr. No	Particulars	
	or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.	
40.	Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares, the validity of the sale shall not be impeached by any person.	<b>Validity of Sale of forfeited Shares</b>
41.	Upon any sale, re-allotment or other disposal under the provisions of the Articles, the certificate(s), if any, originally issued in respect of the related shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.	<b>Validity of Certificate(s) after sale of forfeited shares</b>
42.	The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering shares on such terms as they think fit.	<b>Board's power to accept surrender of any shares from any Member</b>
43.	The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.	<b>Forfeiture shall apply in case of non-payment of any call made and notified</b>
44.	The provisions of these Articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.	<b>Provisions of Forfeiture shall also apply to other Securities including Debentures</b>
<b>TRANSFER OF SHARES</b>		
45.	The Company shall record in the Register of Members fairly and distinctly particulars of every transfer or transmission of any share, Debenture or other Security held in a material form.  (i) Shares in the Company shall be transferred in accordance with the provisions of the Act by an instrument in writing in the prescribed form.  (ii) The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.  (iii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.	<b>Execution of the Instrument of Transfer</b>
46.	The Board may, subject to the right of appeal conferred by the Act, decline to register:  (i) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or  (ii) any transfer of shares on which the Company has a lien.  Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transfer / transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.	<b>Board's right to decline to Register Transfer in certain cases</b>
47.	In case of shares held in physical form, the Board may decline to recognise any instrument of transfer unless:  (i) the instrument of transfer is duly executed and is in the form as prescribed in Rules made under the Companies Act.  (ii) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and the instrument of transfer is in respect of only one class of shares.	<b>Board's right to decline to recognise any instrument of transfer in certain cases</b>
48.	The Board shall have power on giving not less than 7 (seven) days ' previous notice or such lesser period as may be specified by SEBI, by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated and by publishing a notice on the website of the Company, to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.	<b>Closure of Register of Members</b>

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49.	The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting to do so, though it may have been entered or referred to in some book of the Company; but the Company shall, nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto, if the Board may deem fit.	<b>Company's liability</b>
50.	The provisions of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities including debentures of the Company.	<b>Provisions of Transfer shall also apply to other Securities including Debentures</b>
<b>TRANSMISSION OF SHARES</b>		
51.	<p>(i) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder(s) recognized by the Company as having any title to or interest in such shares</p> <p>(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p> <p>(iii) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint- holders) or his nominee(s), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 45 (a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.</p>	<b>Joint holder and Nominee(s) or Legal Representative(s)</b>
52.	<p>(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:</p> <p>(a) to be registered himself as holder of the share; or</p> <p>(b) to make such transfer of the share as the deceased or insolvent member could have made.</p>	<b>Transmission Evidence</b>
	<p>(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.</p>	<b>Board's right unaffected</b>
	<p>(iii) The Company shall be fully indemnified by such person from all liability, if any, by actions taken by the Board to give effect to such registration of transfer.</p>	<b>Indemnity to the Company</b>
53.	<p>(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects;</p>	<b>Conditions to be fulfilled on electing to be a Member or to transfer Shares</b>
	<p>(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share;</p>	<b>Manner of testifying election</b>
	<p>(iii) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.</p>	<b>Limitations applicable to notice</b>
54.	A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled	<b>Limitation of rights before Registration</b>

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	<p>in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the shares, and if the notice is not complied within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.</p>	
55.	The provisions of these Articles relating to transmission of shares shall mutatis mutandis apply to any other securities including debentures of the Company.	<b>Provisions of Transmission shall also apply to other Securities including Debentures</b>
<b>DEMATERIALISATION AND REMATERIALISATION OF SECURITIES</b>		
56.	<p>(i) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Security (ies) held in the Depositories and/or to offer its fresh Securities for subscription/ allotment in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any.</p> <p>(ii) <b>All Securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in relevant Sections of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owner (s).</b></p>	<b>Dematerialisation and Rematerialisation of Securities</b>
57.	<p>(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.</p> <p>(ii) Save as otherwise provided in clause (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.</p> <p>(iii) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company.</p> <p>(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.</p>	<b>Rights of Depositories &amp; Beneficial Owners</b>
58.	The register and index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be a register and index of members and security holders for the purposes of this Act.	<b>Register and Index of Beneficial Owners</b>
59.	Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.	<b>Cancellation of Certificates upon surrender by Person</b>
60.	Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by such other mode as may be permitted.	<b>Service of Documents</b>
61.	Transfer/transmission of security(ies) held in Depository will be governed by the provisions of the Depository Act, 1996. Nothing contained in relevant Section of the Act or these Articles shall apply to transfer/transmission of security(ies) effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.	<b>Transfer/transmission of Securities held in Dematerialized form</b>
62.	Notwithstanding anything contained in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.	<b>Allotment of Securities dealt with in a Depository</b>
63.	Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.	<b>Certificate Number and other details of Securities in Depository</b>
64.	The company shall make available to the depository, copies of the relevant records in respect of securities held by such depository for the beneficial owner thereof.	<b>Company to provide information to depository</b>
65.	Except as ordered by a court of competent jurisdiction or as may be required by applicable law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the	<b>Recognition of rights of Registered Holders and Beneficial Owners</b>



Sr. No	Particulars	
	<p>Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof.</p> <p>The provision contained in this Article shall be subject to the provisions of the Depository Act, 1996 in relation to dematerialize/re-materialisation of the Security(ies), including any notification(s) or re-enactment thereof and the Act, Rules/Regulations/Guidelines of Ministry of Corporate Affairs, SEBI, Stock Exchanges and/or any other statutory regulatory authority made there under and shall prevail and apply accordingly.</p>	
<b>ALTERATION OF CAPITAL</b>		
66.	The Company may, from time to time, by ordinary resolution increase the authorised share capital by such sum, to be divided into number of shares of such amount, as may be specified in the resolution.	<b>Increase of authorised share Capital</b>
67.	<p>Subject to the provisions of the Act, the Company may, by ordinary resolution :-</p> <p>(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</p> <p>Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act.</p> <p>(ii) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;</p> <p>(iii) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;</p> <p>(iv) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.</p>	<b>Power to alter share Capital</b>
68.	<p>Where shares are converted into stock, the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit.</p> <p>Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.</p>	<b>Shares may be converted into Stock</b>
69.	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.	<b>Rights of Stockholders</b>
70.	Such of the Regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder”/ “member” shall include “stock” and “stockholder” respectively.	<b>Application of Articles to Stockholders</b>
71.	<p>Subject to the provisions of the Act and such approvals as may be required, the Company may by special resolution reduce in any manner:</p> <p>(i) its share capital;</p> <p>(ii) capital redemption reserve account;</p> <p>(iii) securities premium account; or</p> <p>(iv) any other reserve in the nature of share capital.</p>	<b>Reduction of Share Capital</b>
72.	<p>The Board or the Company, as the case may be, may, in accordance with the Act and other applicable laws, issue further shares to:</p> <p>(a) persons who at the date of offer, are holders of equity shares of the Company; such offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; or</p> <p>(b) employees under any scheme of employees’ stock option; or</p> <p>(c) any persons if it is authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b) above</p> <p>Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the</p>	<b>Further issue of share capital</b>

Sr. No	Particulars	
	debentures issued or loans raised by the Company to convert such debenture or loans into shares in the Company.  Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debenture or the raising of loan by a special resolution passed by the Company in general meeting.	
73.	Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Company in general meeting shall prescribe, and in particular such shares may be issued with a preferential or qualified right to dividends and/or voting and in the distribution of assets of the Company. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the applicable provisions of the Act.	<b>Conditions regarding issue of new shares</b>
74.	A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement or otherwise, subject to and in accordance with the Act and other applicable laws.	<b>Mode of further issue of shares</b>
75.	The Company shall have a right to issue any instrument, including Global Depository Receipt (GDR) or American Depository Receipt (ADR) and any other convertible Securities subject to compliance with applicable provision of the Act and rules framed thereunder.	<b>Right to issue GDR/ ADR</b>
76.	Except so far as otherwise provided by the conditions of issue of the shares or by these articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, dividend, voting and otherwise.	<b>Increased Capital to be considered same as original capital</b>
77.	Subject to the provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted in one of more security(ies)/instrument or to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act and other applicable laws.	<b>Power to issue Redeemable Preference Share</b>
78.	Notwithstanding anything contained in these Articles but subject to all the applicable provisions of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.	<b>Power of Company to buy-back its own Shares</b>
79.	The Company may exercise the powers of issuing sweat equity shares of a class of shares already issued in accordance with the Act, the Rules and other applicable law, if any.	<b>Issue of sweat equity shares</b>
80.	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.	<b>Issue of further pari passu shares not to affect the rights of shares already issued</b>
81.	Notwithstanding anything contained in any other Article, but subject to the provisions of the Companies Act or any statutory modification or re-enactment thereof and any other law for the time being in force permitting the Company in this behalf, the Company may from time to time and at any time issue to any persons as it may deem proper, Shares, whether Equity, Preference or any other class, or any other Financial Instruments or Securities, by whatever name called, with differential voting rights or non-voting rights and the Shares/Instruments/ Securities, so issued may carry right as to voting, dividend, capital or disproportionate to the rights attached to the other Shares or Securities of the Company.	<b>Power to issue Shares with non- voting and disproportionate Rights</b>
<b>VARIATION OF MEMBER'S RIGHTS</b>		
82.	(i) If at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of three fourths of the holders of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act. Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent in such proportion, as may be prescribed by the Act, of such other class of shareholders shall also be obtained.  (ii) To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.	<b>Variation of member's rights</b>
<b>JOINT-HOLDERS</b>		

Sr. No	Particulars	
83.	Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as jointly with benefits of survivorship, subject to the following and other provisions contained in these Articles:	<b>Rights and Liabilities of Joint holders</b>
	(i) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments/moneys which ought to be made in respect of such share.	<b>Liability of Joint- holders</b>
	(ii) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Board may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.	<b>Death of one or more joint-holders</b>
	(iii) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share.	<b>Receipt by any one joint-holder sufficient</b>
	(iv) Only the person whose name stands first in the register of members as one of the joint- holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent, to such person shall be deemed to be served on all the joint-holders.	<b>Delivery of certificate and giving notice to first named holder</b>
	(v) (a) Any one of the joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting personally or by proxy or by attorney, then that one of such persons so present whose name stands first or higher (as the case may be) in the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof. Provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder represented by any attorney or by proxy.	<b>Voting of joint-holders</b>
	(b) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders.	<b>Executors or administrators as joint-holders</b>
	(vi) The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names.	<b>Provision to apply mutatis mutandis to other securities including debentures, etc.</b>
<b>BORROWING POWERS</b>		
84.	Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Board shall have the power from time to time and at any time at their discretion to raise or borrow any sum or sums of money for the purposes of the Company.	<b>Powers to borrow</b>
85.	Subject to the provisions of the Act and these Articles, the Board may, raise and secure the payment of such, sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or any mortgage or charge of other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.	<b>Conditions on which money may be borrowed</b>
86.	Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.	<b>Bonds, debentures etc. to be subject to control of Directors</b>
87.	Debentures, debenture-stock, bonds of other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.	<b>Securities may be assignable free from equities</b>
88.	Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture stocks or other securities may be issued at a discount, premium or otherwise, and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise; Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting.	<b>Issue at discount etc. or with special privileges</b>
89.	If any uncalled capital of the Company is included in or charged by way of any mortgage or other security by the Board, the Board, shall subject to the provisions of the Act and the Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or	<b>Charge on uncalled Capital</b>

Sr. No	Particulars	
	security is executed or if permitted by the Act may by instrument under the Company's Seal authorise the person in whose favour such mortgage or security is executed , or any other person in trust for him, to make calls on the members in respect of such uncalled capital and the provisions herein before contained in regard to calls shall mutatis mutandis apply to call made under such authority and such authority may be exercisable either conditionally or unconditionally and either presently or contently and either to the exclusion of the Directors' power or otherwise and shall be assignable if expressed so to be.	
90.	Subject to the provisions of the Act and these Articles, if the Directors or any of them or any other person shall incur or about to incur, any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security of on over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or any other person so becoming liable as aforesaid from any loss in respect of such liability.	<b>Indemnity may be given.</b>
<b>GENERAL MEETINGS</b>		
91.	(i) The Company shall, in addition to any other meetings, hold an annual general meeting at the interval and in accordance with the provisions of the Act.  (ii) All general meetings other than annual general meeting shall be called extraordinary general meeting.	<b>Annual and Extraordinary General Meeting</b>
92.	(i) The Board may, whenever it thinks fit, call an extraordinary general meeting.  (ii) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed, to increase the number of Directors to that number or to convene a general meeting, any Director or any such number of Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an extraordinary general meeting in the same manner as nearly as possible as that in which meeting may be called by the Board.	<b>Calling of Extraordinary General Meeting</b>
<b>PROCEEDING AT GENERAL MEETING</b>		
93.	(i) No business shall be transacted at any general meeting unless a requisite quorum of members is present at the time when the meeting proceeds to business.  (ii) The quorum for the general meetings shall be as provided in the Act.	<b>Presence of Quorum</b>  <b>Quorum for general meeting</b>
94.	The Chairperson, if any, of the Board or in his absence or on his request or unwillingness, the Vice- Chairperson of the Board, if any, or any Director of the Company, shall preside as Chairperson at every general meeting of the Company	<b>Chairperson of General Meeting</b>
95.	If there is no such Chairperson or Vice-Chairperson, or in case of his not being present or being unwilling to take the Chair within fifteen minutes of time appointed for holding such meeting, the Directors present shall elect one of themselves to be Chairperson of the meeting.	<b>Election by Directors amongst themselves to be Chairperson of General Meeting</b>
96.	If at any meeting, no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of themselves to be Chairperson of the meeting by show of hands. If a poll is demanded for election of Chairperson, it shall be taken forthwith in accordance with the provisions of the Act, and the Chairperson elected on a show of hands shall exercise all the powers of the Chairperson for the purpose of such poll. If some other person is elected Chairperson as a result of such poll, he shall be the Chairperson for the rest of the meeting.	<b>Election by Members amongst themselves to be Chairperson of General Meeting</b>
97.	(i) The Chairperson shall have all the powers and authorities under law to conduct and regulate the general meeting;  (ii) Without prejudice to the aforesaid general power to ensure that the proceedings at a general meeting are conducted in a proper and orderly manner, the Chairperson's powers shall include the power to call the speakers, determine the order in which the speakers shall be called, regulate the length of speeches, deal with point of order, preserve and maintain order and discipline and expel any member who does not abide by the Chairperson's directions or otherwise, persists in obstructive methods to smooth conduct of general meeting.  (iii) The Chairperson's decision on any matters that arise incidentally during the course of the general meeting shall be final and conclusive.	<b>Chairperson's Power for orderly conduct at General Meetings</b>



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98.	Unless a poll be so demanded or voting is carried out electronically, a declaration by the Chairperson that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the books containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution.	<b>Chairperson's declaration conclusive</b>
99.	On any business at any general meeting, in case of equality of votes, whether on a show of hands, or carried, electronically or on a poll, the Chairperson shall have a second or casting vote.	<b>Chairperson's casting vote</b>
100.	Notwithstanding anything contained in the Articles and subject to provisions of the Act, any business which can be transacted at general meeting may be transacted through postal ballot.	<b>Business through Postal Ballot</b>
101.	(i) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Act and kept by making within the prescribed time of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered.	<b>Minutes of General Meeting</b>
	(ii) There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting: <ul style="list-style-type: none"> <li>(a) is, or could reasonably be regarded, as defamatory of any person; or</li> <li>(b) is irrelevant or immaterial to the proceedings; or</li> <li>(c) is detrimental to the interests of the Company.</li> </ul>	<b>Certain matters not to be included in Minutes</b>
	(iii) The Chairperson shall exercise an absolute discretion in regard to the inclusion or non- inclusion of any matter in the minutes on the grounds specified in the aforesaid clause.	<b>Discretion of Chairperson in relation to Minutes</b>
	(iv) The minutes of the general meetings kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein.	<b>Minutes to be evidence</b>
102.	(i) The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall: <ul style="list-style-type: none"> <li>(a) be kept at the registered office of the Company; and</li> <li>(b) Subject to the provisions of the Act, be open to inspection by any member, at least two hours on all working days except Saturdays on such terms as may be decided by the Board.</li> </ul> (ii) Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (i) above.	<b>Place of keeping of Minutes of General Meeting and right of Inspection etc.</b>
103.	The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.	<b>Power to take any action before the commencement of General Meeting</b>
<b>ADJOURNMENT OF MEETING</b>		
104.	(i) The Chairperson may, with the consent of any meeting at which quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place. <ul style="list-style-type: none"> <li>(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</li> <li>(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</li> <li>(iv) Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</li> </ul>	<b>Power to adjourn General Meeting and business and notice of adjourned General Meeting</b>
<b>VOTING RIGHTS OF MEMBERS</b>		
105.	Subject to the provisions of the Act and these Articles, votes may be given either personally or by proxy or in the case of a body corporate also by a representative duly authorised under applicable provisions of the Act.	<b>Votes may be given by proxy or attorney</b>

Sr. No	Particulars	
<b>106.</b>	<p>Subject to the provisions of the Act and these Articles: -</p> <p>(i) Upon a show of hands every member holding equity shares and entitled to vote and present in person (including proxy of a Corporation or representative of the company) shall have one vote; Provided that a preference shareholder shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to the preference shares.</p> <p>(ii) Upon a poll the voting right of every member holding equity shares entitled to vote and present in persons (including a proxy of a corporation or a representative of a company present as aforesaid) or by proxy shall be in the same proportion as the capital paid on the equity share or shares (whether fully paid or partly paid) held by him bears to the total paid up equity capital of the Company.</p> <p>(iii) A member may exercise his right to vote by electronic means in accordance with the Act and other applicable laws.</p>	<b>Votes</b>
<b>107.</b>	<p>Subject to the provisions of the Act and relevant rules framed thereunder, the company may transact any item of business by means of postal ballot.</p> <p>If a resolution is assented to by the requisite majority of the shareholders by means of postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf.</p>	<b>Postal ballot</b>
<b>108.</b>	No member not personally present shall be entitled to vote on a show of hands unless such member is a Corporation present by proxy or unless such member is a body corporate present by a representative duly authorised under applicable provisions of the Act or by a proxy in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.	<b>No voting by proxy by show of hands</b>
<b>109.</b>	Any person entitled under the Transmission Article of these Articles to transfer any shares, may vote on any General Meeting in respect thereof as if he were the registered holder of such shares; provided that at least forty eight hours before the time of holding of the meeting or adjourned meeting as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to transfer such shares and given such indemnity, if any, as the Board may require, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.	<b>Votes in respect of shares of deceased and insolvent members</b>
<b>110.</b>	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.	<b>Voting by members of unsound mind and minor</b>
<b>111.</b>	Subject to the provisions of the Act, no member shall be entitled to exercise any voting right at any General Meeting either personally or by proxy or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member.	<b>No members to vote unless calls are paid up</b>
<b>112.</b>	<p>(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.</p> <p>(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>	<b>Voting in case of Joint holders</b>
<b>113.</b>	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.	<b>Business to be transacted on pending of poll</b>
<b>114.</b>	<p>(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.</p> <p>(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.</p>	<b>Chairperson's right in case of objection raised to the qualification of voter</b>
<b>115.</b>	A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article.	<b>Restriction on exercise of voting rights in other cases to be void</b>
<b>116.</b>	Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.	<b>Equal rights of Members</b>
<b>117.</b>	Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself but proxy so appointed shall not have any	<b>Proxy (ies)</b>

Sr. No	Particulars	
	<p>right to speak at the meeting as prescribed under the Act and other applicable laws.</p> <p>Provided that a person appointed as proxy shall act on behalf of such member or number of members and such number of shares as may be prescribed under the Act and other applicable laws.</p>	
<b>118.</b>	<p>Every proxy shall be appointed by an instrument in writing signed by the appointer or his attorney duly authorised in writing, or if the appointer is a body corporate be under its seal or be signed by an officer or an attorney duly authorised by it.</p>	<b>Appointment of Proxy</b>
<b>119.</b>	<p>(i) Subject to the provisions of the Act and rules framed thereunder and other applicable laws, the instrument of proxy shall be deposited at the office of the Company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.</p> <p>(ii) Every member entitled to vote at a meeting of Company according to the provisions of these Articles on any resolution to be moved thereat shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, inspect the proxies lodged, at any time during the business hours of the Company provided not less than three days' notice in writing of the intention so to inspect is given to the Company.</p>	<b>Deposit and validity of instrument of appointment, and inspection of Proxies</b>
<b>120.</b>	<p>If a Proxy had been appointed for the original meeting and such meeting is adjourned, any Proxy given for the adjourned meeting revokes the Proxy given for the original Meeting.</p> <p>A Proxy later in date revokes any Proxy/Proxies dated prior to such Proxy.</p> <p>A Proxy is valid until written notice of revocation has been received by the company before the commencement of the meeting or adjourned meeting, as the case may be.</p> <p>When a Member appoints a Proxy and both the Member and Proxy attend the meeting, the Proxy stands automatically revoked.</p>	<b>Revocation of Proxies</b>
<b>121.</b>	<p>Every instrument of proxy, whether for a specified meeting or otherwise, shall be in any of the forms prescribed by the Act or Rules made thereunder.</p>	<b>Form of Proxy</b>
<b>122.</b>	<p>If any such instrument be confide to the object of appointing a proxy for voting at a meeting of the Company, it shall remain permanently or for such time as the Board may determine, in the custody of the Company, and if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.</p>	<b>Custody of the instrument of proxy</b>
<b>123.</b>	<p>A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of the such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.</p>	<b>Validity of votes given by Proxy notwithstanding death of members etc.</b>
<b>BOARD OF DIRECTORS</b>		
<b>124.</b>	<p>Subject to the provisions of the Act and applicable laws , the number of Directors shall not be less than three nor more than Fifteen;</p> <p>However, the company may appoint more than fifteen Directors after passing a special resolution.</p> <p>The Company shall, to the extent applicable, comply with the provisions of the Act and other applicable laws with respect to appointment of Independent Directors and Woman Director.</p> <p>The company shall have at least 1 (One) Director who stays in India for a total period of not less than 182 (One Hundred &amp; Eighty two) days during the financial year.</p> <p>The persons hereinafter named shall be the first Directors of the Company.</p> <ol style="list-style-type: none"> <li>1. Iqbal Singh Chatha</li> <li>2. Harbhajan Singh Chatha</li> <li>3. Paramjit Singh Chatha</li> </ol>	<b>Number of Directors</b>

Sr. No	Particulars	
125.	<p>Any Trust Deed for securing debenture or debenture stock may, if so arranged, provide for the appointment from time to time by the Trustees thereof or by the holders of the debentures or debenture-stock of some person to be a Director at the Company and may empower such trustees or holders of debentures or debenture stock from time to time to remove any Director so appointed. The Director appointed under this Article is herein referred to as the “Debenture Director” and the term “Debenture Director” means the Director for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or, subject to the provisions of the Act, be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.</p>	<b>Debenture Director</b>
126.	<p>Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an Additional Director, provided the number of the Directors and Additional Directors together shall not at any time exceed the maximum strength prescribed for this purpose.</p> <p>Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.</p>	<b>Appointment of additional directors</b>
127.	<p>The Board may appoint an Alternate Director to act for a Director (hereinafter in this Article called “the Original Director”) during his absence for period of not less than three months from India and such appointment shall have effect and such appointee whilst he holds office as an Alternate Director shall be entitled to notice of the meeting of the Directors and to attend and to vote there at accordingly.</p> <p>An alternate Director appointed under this Article shall not hold office as such for a period longer than permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to India. If the terms of office of the Original Directors is determined before he so returns to India, any provisions in the Act or these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the original Director and not to the Alternate Director.</p> <p>In accordance with the provisions of the Act, no person shall be appointed as an Alternate Director for an Independent Director unless he is qualified to be appointed as an Independent Director under the provisions of the Act.</p>	<b>Appointment of alternate Directors</b>
128.	<p>The Board may accept nomination of any person(s) as Director or Directors in pursuance of any arrangement(s) or agreement(s) between the Company of the one part and any Financial Institutions, Banks, Debenture Trustee, equity investor or other party of the other part, on such terms as may be agreed between the Board and such institution, trustee or party.</p>	<b>Nominee Director</b>
129.	<p>(i) If the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.</p> <p>(ii) The Director so appointed shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated.</p>	<b>Casual Vacancy</b>
130.	<p>A Director of the Company shall not be bound to hold any qualification shares.</p>	<b>Qualification shares</b>
131.	<p>(i) The Directors may be paid such sum by way of sitting fee for attending each meeting of the Board or Committee thereof, as may be decided by the Board from time to time, subject to the limitation as may be prescribed in Act and other applicable laws.</p> <p>Subject to the limitations prescribed in the Act, additional remuneration, if any, as may be fixed by the Board, may be paid to any one or more of the Directors for services rendered by him or them or for any other purpose whatsoever as may be decided by the board and the Directors may be paid such additional remuneration as the Company in General Meeting shall from time to time determine, and such additional remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination, equally. Such remuneration and/or additional remuneration may be by way of fixed sum or commission as laid down in the Act on net profits or by participation in profits or by any or all of these modes, subject to the approval of the Shareholders of the Company.</p>	<b>Remuneration of Directors</b>
	<p>(ii) The Directors may, subject as aforesaid, allow and pay to any Director who is not a bonafide resident of the place where a meeting is held and who shall come to such place for the purpose of attending a meeting his actual</p>	<b>Directors not bonafide residents of the place where meetings of the Board or Committee are held may receive extra compensation and remuneration</b>



Sr. No	Particulars	
	expenditure for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified.	
	(iii) Subject to the provisions of the Act if any Director, being willing, shall be called upon to perform extra services or to make any special exertion in going or residing out of the place where he normally resides or otherwise for any of the purposes of the Company, the Company shall subject as aforesaid, remunerate such Director or where there is more than one such Director to all of them together either by a fixed sum or by a percentage of profits or otherwise as may be determined by the Directors, and such remuneration may be either in addition to or in substitution for the remuneration above provided.	<b>Special remuneration to Director going out of the place where he normally reside on the Company business of otherwise performing extra services</b>
<b>132.</b>	The continuing Directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.	<b>Continuing Directors may act notwithstanding vacancy</b>
<b>133.</b>	(i) The office of a Director shall become vacant on any of the ground specified in the relevant provisions of the Act and any other applicable laws.	<b>When office of Directors to become vacant</b>
	(ii) Subject to the provisions of the Act, a Director may resign from his office at any time by notice in writing addressed to the Company.	<b>Resignation</b>
<b>134.</b>	Subject to the provisions of the Act, these articles and other applicable laws, no director shall be disqualified by his office from contracting with the Company for any purpose and in any capacity whatsoever including either as vendor, purchaser, agent, broker or otherwise, nor shall any such contract, or any other contract or arrangement entered into by or on behalf of the Company in which any director shall be in any way interested, be avoided, nor shall any Director, so contracting or being so Interested be liable to account to the Company of any profit realised by any such contract or arrangement by reason only of such of Director holding (office or of the fiduciary relation thereby established, but it is hereby declared that) the nature of his interest must be disclosed by him as provided by law.	<b>Directors may contract with the Company</b>
	Subject to the provisions of the Act, these articles and other applicable laws:-	<b>Disclosure of interest</b>
	(i) Every director shall at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year or whenever there is any change in the disclosures already made, then at the first Board meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding, in such manner as may be prescribed under the Act.	
	(ii) Every director of the company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into:-	
	(a) with a body corporate in which such director or such director in association with any other director, holds more than two per cent. shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or	
	(b) with a firm or other entity in which, such director is a partner, owner or member, as the case may be,	
	shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:	
	Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.	
	(iii) A contract or arrangement entered into by the company without disclosure under Clause (2) or with participation by a director who is concerned or interested in any way, directly or indirectly, in the contract or arrangement, shall be voidable at the option of the company.	
<b>135.</b>	(i) The company shall keep a register containing the particulars of contract or arrangement in which Directors are interested in such manner and containing such particulars as may be prescribed under the Act and after entering the particulars, such register or registers shall be placed before the next meeting of the Board and signed by all the Directors present at the meeting.	<b>Register of contracts or arrangements in which Directors are interested</b>

Sr. No	Particulars	
	<p>(ii) The register referred above shall be kept at the registered office of the company and it shall be open for inspection at such office during business hours and extracts may be taken therefrom, and copies thereof as may be required by any member of the company shall be furnished by the Company to such extent, in such manner, and on payment of such fees as may be prescribed under the Act.</p> <p>(iii) The said register shall also be produced at the commencement of every annual general meeting of the Company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.</p>	
136.	A Director of this Company may be, or become a Director of any Company promoted by this Company or in which it may be interested as a vendor, member or otherwise and subject to the provisions of the Act and these Articles, no such Director shall be accountable for any benefits received as a Director or member of such Company.	<b>Directors may be Directors of Companies promoted by the Company.</b>
137.	<p>Subject to the provisions of the Act :</p> <p>(i) The company shall keep at its registered office a register containing such particulars of its Directors and Key Managerial Personnel as may be prescribed under the Act and relevant rules made thereunder, which shall include the details of securities held by each of them in the company or its holding, subsidiary, subsidiary of company's holding company or associate companies.</p> <p>(ii) A return containing such particulars and documents as may be prescribed under the Act and relevant rules there under , of the Directors and the Key Managerial Personnel shall be filed with the Registrar within thirty days from the appointment of every Director and Key Managerial Personnel, as the case may be, and within thirty days of any change taking place.</p>	<b>Register of Directors and Key Managerial Personnel and their Shareholding</b>
138.	A Director and Key Managerial Personnel shall give notice in writing to the Company which shall include details of securities held by each of them in the company or its holding, subsidiary, subsidiary of company's holding company or associate companies, together with such particulars as may be necessary to enable the Company to maintain the Register of Directors and Key Managerial Personnel and their shareholding.	<b>Disclosure of holdings</b>
139.	The Company shall comply with the relevant provisions of the Act and other applicable laws with respect to granting of loans to Directors and other persons.	<b>Loans to Directors etc.</b>
140.	The Company shall comply with the relevant provisions of the Act and other applicable laws with respect to related party transactions.	<b>Related party transactions</b>
<b>INDEPENDENT DIRECTOR AND WOMAN DIRECTOR</b>		
141.	<p>The Company shall, to the extent applicable, comply with the provisions of the Act and other applicable laws with respect to appointment of Independent Director and Woman Director.</p> <p>Subject to the provisions of the Act and any other applicable laws, the provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors.</p>	<b>Independent Director and Woman Director</b>
<b>RETIREMENT AND ROTATION OF DIRECTORS</b>		
142.	<p>(i) Not less than two-thirds of the total number of Directors of the Company shall be persons whose period of office is liable to determination by retirement of Directors by rotation, and save as otherwise expressly provided in the Act and these Articles, be appointed by the Company in General Meeting.</p> <p>Subject to the provisions of the Act or any other applicable laws, "total number of Directors" shall not include Independent Directors, whether appointed under this Act or any other Applicable law for the time being in force, on the Board of a company.</p> <p>The remaining Directors shall be appointed in accordance with the provisions of these Articles and the Act.</p>	<b>Retirement by Rotation</b>
	<p>(ii) At the first Annual General Meeting of the Company and at every subsequent Annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is neither three nor multiple of three, then, the number nearest to one-third, shall retire from office.</p>	<b>Determination of Directors to retire annually</b>
143.	Subject to the provisions of the Act and these Articles, the Directors to retire by rotation under the forgoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire	<b>Ascertainment of Directors retiring by rotation</b>

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	shall, in default of and subject to any agreement among themselves, be determined by lot.  Subject to the provisions of the Act, a retiring director shall retain office until the dissolution of the meeting at which his re-appointment is decided or his successor is appointed.	
144.	Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for re-appointment.	<b>Eligibility for re-appointment</b>
145.	Subject to the provisions of the Act and these articles, the Company, at the Annual General Meeting at which a Director retires in manner aforesaid, may fill up the vacated office by electing the retiring Director or some other person thereto.	<b>Company to fill up vacancy</b>
146.	Subject to the provisions of the Act and other applicable laws and these Articles any person who is not a retiring director shall be eligible for appointment to the office of the Director at any general meeting, if he or some other member intending to propose him as a director has, not less than fourteen days before the meeting, left at the registered office of Company, a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be, along with a deposit of such amount as may be prescribed under the Act, which shall be refunded to such person or as the case may be to such member as per the procedure set out under the Act. The Company shall duly comply with the provisions of the Act for informing its members of the candidature of the person concerned.  Provided that requirements of deposit of amount shall not apply in case of appointment of an independent director or a director recommended by the Nomination and Remuneration Committee, if any, constituted under the provisions of the Act or a director recommended by the Board of Directors of the Company, in the case of a company not required to constitute Nomination and Remuneration Committee.	<b>Notice of Candidature for office of Directors</b>
147.	Subject to the provisions of the Act:  (i) at a general meeting of the company, a motion for the appointment of two or more persons as Directors of the company by a single resolution shall not be moved unless a proposal to move such a motion has first been agreed to at the meeting without any vote being cast against it.  (ii) A resolution moved in contravention of sub-clause (i) shall be void, whether or not any objection was taken when it was moved.  (iii) A motion for approving a person for appointment, or for nominating a person for appointment as a director, shall be treated as a motion for his appointment.	<b>Appointment of Directors to be Voted Individually</b>
148.	The Company shall comply with the provisions of the Act and other applicable laws with respect to removal of director (s).	<b>Removal of Directors</b>
<b>PROCEEDINGS OF BOARD OF DIRECTORS</b>		
149.	The Board may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.  Subject to the provisions of the Act:-  (i) The company shall hold minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days (or such other time limit as may be prescribed under the Act and other applicable laws) shall intervene between two consecutive meetings of the Board unless the Central Government otherwise directs.  (ii) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed under the Act and other applicable laws which are capable of recording and recognizing the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time.	<b>Meetings of Directors</b>
150.	A Director or the Managing Director may at any time and the Company Secretary upon the request of either of them shall, at any time, summon a meeting of the Board of Directors.  Subject to provisions of the Act and other applicable laws, notice of not less than seven days of every meeting of the Board of the Company shall be given in writing to every Director at his address registered with the company and shall be sent by hand delivery or by post or through electronic means. The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be	<b>When meetings to be convened and notice thereof</b>

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	circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director.	
151.	The provisions in respect of a quorum for a Meeting of the Board shall be the same as laid down under the Act and other applicable laws or as may be determined by the Board.	<b>Quorum for board meeting</b>
152.	If a meeting of the Board could not be held for want of quorum, then, the meeting shall automatically stand adjourned to the same day at the same time and place in the next week or if that day is a national holiday, till the next succeeding day which is not a national holiday at the same time and place.	<b>Adjournment of meeting for want of quorum</b>
153.	(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.  (ii) Subject to the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.	<b>Appointment of Chairperson</b>
154.	All meetings of the board shall be presided over by the Chairperson, if present. However, if no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their members to be Chairperson of the meeting.	<b>Who to preside at meetings of the Board</b>
155.	Questions arising at any meeting of the board shall be decided by a majority of votes, and in case of an equality of votes, the Chairperson of the meeting (whether the Chairperson appointed by virtue of these Articles or the Director presiding at such meeting) shall have a second or casting vote.	<b>Questions at Board Meeting how decided (Casting vote)</b>
156.	The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit.  Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise shall have the like form and effect as if done by the Board.	<b>Delegation of powers to committees</b>
157.	(i) A Committee may elect a Chairperson of its meetings unless the Board, while constituting the Committee has appointed a Chairperson of such Committee.  (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.	<b>Chairperson of Committees</b>
158.	(i) A Committee may meet and adjourn as it thinks fit.  (ii) Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present and in case of an equality of votes, the Chairperson of the Committee, if any, shall have a second or casting vote.	<b>Meetings of Committees and Casting vote of the Chairperson</b>
159.	All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a Director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or such person had been duly appointed and was qualified to be a Director.	<b>Acts of Board, Committee or a Director valid notwithstanding defect of appointment</b>
160.	A resolution not being a resolution required by the Act or otherwise to be passed at a meeting of the Board, may be passed without any meeting of the Board or of a Committee thereof, provided that the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee as the case may be, at their addresses registered with the Company, by hand delivery or by post or courier or through electronic means as permissible under the relevant Rules and has been approved by a majority of the Directors as are entitled to vote on the resolution.  Provided that, where not less than one-third of the total number of Directors of the company for the time being require that any resolution under circulation must be decided at a meeting, the Chairperson shall put the resolution to be decided at a meeting of the Board.	<b>Resolution by Circulation</b>
161.	The provisions in respect of a quorum for a Meeting of the committee shall be the same as laid down under the Act and other applicable laws or as may be determined by the Board.	<b>Quorum for meeting of Committee of Board</b>



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162.	The Company shall cause Minutes of the meetings of the Board and of Committees thereof to be duly entered in a book or books provided for the purpose in accordance with the relevant provisions of the Act.	<b>Minutes of proceedings of Board of Directors and Committees to be kept</b>
163.	The minutes of proceedings of a meeting of the Board or of a committee thereof, shall be signed by the Chairperson of the said meeting or the Chairperson of the next succeeding meeting.  The minutes kept in accordance with the provisions of the Act and these articles shall be evidence of the proceedings recorded therein.	<b>By whom minutes to be signed and the effect of minutes recorded</b>
<b>POWERS OF BOARD</b>		
164.	(i) The Board of Directors of the company shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do:  Provided that in exercising such power or doing such act or thing, the Board shall be subject to the provisions contained in that behalf in the Act, or in the memorandum or articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the company in general meeting:  Provided further that the Board shall not exercise any power or do any act or thing which is directed or required, whether under this Act or by the memorandum or articles of the company or otherwise, to be exercised or done by the company in general meeting.  (ii) No regulation made by the company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.	<b>General Powers of the company vested in Board</b>
165.	Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the powers indicated in section 179 (3) of the Act, on behalf of the Company only by means of resolutions passed at meetings of the Board as per the requirement of Section 179 of the Act.  Subject to the provisions of Section 179 (3) of the Act, the Board may, by a resolution passed at a meeting, delegate its powers to any Committee of Board or the Managing Director or any other principal officer of the Company or to a principal officer of any of its branch offices.  Nothing in this Article, shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers specified in Section 179 of the Act.	<b>Certain Powers to be exercised by the Board only at meeting</b>
166.	Without prejudice to the powers conferred by these Articles and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in any provisions of the Act, it is hereby declared that the Directors shall have the following powers:-	<b>Certain Powers of the Board</b>
	1. To pay all costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company including the stamps and fees paid in respect thereof.	<b>To pay preliminary and promotional costs and charges.</b>
	2. To pay and charge to the Capital/Revenue Account of the Company any Commission or interest lawfully payable thereat under the provisions of the Act.	<b>To pay commission and interest</b>
	3. Subject to the provisions of the Act and these Articles to purchase or otherwise acquire for the Company any lands, buildings, machinery, premises, hereditaments, property, effects, assets, rights, credits, royalties, bounties, intellectual properties or rights and goodwill, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept title as the Board may believe, or may be advised to be reasonable satisfactory.	<b>To acquire property</b>
	4. Subject to the provisions of the Act, to purchase, or take on lease for any term or terms of years, or otherwise acquire, any factories, offices, showrooms or other premises or any land or lands, with or without buildings and outhouses thereon, situated in any part of India, at such price or rent, and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition, to accept such title as the Directors may believe, or may be advised, to be reasonably satisfactory.	<b>To purchase lands, buildings, etc.</b>
	5. To erect and construct, on the said land or lands, buildings, factories, houses, warehouses, and sheds, and to alter, extend and improve the same; to let or lease the property of the Company, in part or in whole, for such rent, and subject to such conditions, as may be thought advisable; to sell	<b>To construct buildings, etc.</b>

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	such portions of the lands or buildings of the Company as may not be required for the purposes of the Company; to mortgage the whole or any portion of the property of the Company for the purposes of the Company; to sell all or any portion of such property with/without the machinery or stores belonging to the Company.	
6.	To take over and acquire the industrial license, import license, permit and other rights on payment of actual and out of pocket expenses incurred thereof, and compensation for technical services rendered in connection therewith.	<b>To acquire various license</b>
7.	At their discretion and subject to the provisions of the Act to pay for any property or right acquired by, or services rendered to the Company, either wholly or partly in cash or in shares, bonds, debentures, debenture-stock, mortgage or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture-stock, mortgage or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.	<b>To pay for property in debentures and otherwise</b>
8.	To insure and keep insured against loss or damages by fire or otherwise for such period and to such extent as they may think proper all or any part of the building, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company or to cover any risk of the Company, and to sell & assign, surrender or discontinue any policies of assurance effected in pursuance of this power.	<b>To insure properties of the Company</b>
9.	To open accounts with any bank or bankers or with any Company, firm and to pay money into and draw money from any such account from time to time as the board may think fit.	<b>To open accounts with bank</b>
10.	To secure the fulfilment of any contracts or arrangements entered into by the Company by Mortgage or Charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as they think fit.	<b>To secure contracts by Mortgage</b>
11.	To attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company such condition as to the transfer thereof as they think fit.	<b>To attach conditions of transfer to any shares</b>
12.	To accept from any member on such terms and conditions as shall be agreed a surrender of his shares of stock or any part thereof, so far as may be permissible by law.	<b>To accept surrender of Shares</b>
13.	To appoint any person (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes, and to execute and do all such deeds and things as may be requisite in relation to any such trust and to provide for the remuneration of such Trustee or trustees.	<b>To appoint Trustees</b>
14.	To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers, or otherwise, concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company.	<b>To bring and defend action</b>
15.	To refer any claims or demands by or against the Company or any difference to arbitration and observe and perform any awards made thereon.	<b>To refer to arbitration</b>
16.	To act on behalf of the Company in all matters relating to bankrupts and insolvents.	<b>To act in Insolvency matters</b>
17.	To make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company.	<b>To give receipts</b>
18.	To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes.	<b>To authorise acceptances</b>
19.	Subject to the provisions of the Act and these Articles to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security and other investments (not being shares of this Company) or without security and in such manner as they	<b>To invest moneys</b>

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	may think fit, and from time to time vary or realise such investments, provided that save as permitted by the Act all investments shall be made and held by the Company in its own name.	
20.	To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety for the benefit of the Company, such mortgage of the Company's property (Present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed on.	<b>To execute Mortgages</b>
21.	To distribute by way of bonus amongst the staff of the Company a part of the profits of the Company, and to give to any officer or other person employed by the Company, a Commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the Company.	<b>To distribute Bonus</b>
22.	Subject to the provisions of the Act, to give to any officer or other person employed by the Company an interest in any particular business or transaction by way of a share in the general profit of the Company and such share of profits shall be treated as a part of the working expenses of the Company.	<b>Arrangements for sharing profits</b>
23.	To provide for the welfare of employees or ex-employees of the Company and its Directors or Ex-Directors and the wives, widows and families and the dependents or connections of such persons, by building of houses, dwellings or quarters or by grant of money, pensions, gratuities, allowances, bonuses, profit sharing bonuses or benefits or any other payments, or by creating and from time to time subscribing or contributing to provident and other funds, associations, institutions, profit sharing or other schemes or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals, and dispensaries, medical and other attendances and other forms of assistance, welfare or reliefs as the Directors shall think fit, and to subscribe or contribute otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public, or any other institutions, objects or purposes for any exhibition.	<b>To provide for welfare of employees and to subscribe to Provident Funds, etc.</b>
24.	Subject to the provisions of the Act, to appoint and at their discretion remove or suspend such managers, secretaries, officers, clerks, agents and employees for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and also without prejudice as aforesaid, from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.	<b>To appoint employees</b>
25.	To comply with the requirements of any local law, which in their opinion is in the interests of company, be necessary or expedient to comply with.	<b>To comply with local laws.</b>
26.	From time to time and any time to establish any Local Board for managing of the affairs of Company in any specified locality in India or else where and to appoint any persons to be members of any Local Board or any managers or agents, and to fix their remuneration.	<b>Local Board</b>
27.	Generally, subject to the provisions of the Act and these Articles, from time to time and at any time to delegate (with or without powers of sub-delegation) all or any of the powers, authorities and discretions for the time being vested in the Directors to any employee of the Company or to any Director or committee or any other person, firm or company or otherwise to any fluctuating body of persons.	<b>Delegation</b>
28.	At any time and from time to time, by Power of Attorney to appoint, any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these articles) and for such period and subject to such conditions as the Board of Directors may from time to time think fit, and any such appointment may (if the Board of directors think fit) be made in favour of the members or any of the members of any local Board, established as aforesaid or in favour of any Company, or the members, directors, nominees, or managers, of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated, directly or indirectly by the Board of directors and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Directors may think fit and may contain powers enabling any such delegate or attorney as aforesaid to sub-delegate all or any of the powers and authorities for the time being vested in them	<b>Power of attorney</b>

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	29. Subject to the provisions of the Act and these Articles, or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts in execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.	<b>To enter into contracts etc.</b>
	30. To issue securities (including depository receipts), whether convertible to shares or not, as per applicable laws, either as a primary issue or a secondary offering	<b>To issue securities</b>
	31. Subject to the provisions of the Act, to subscribe or contribution of otherwise to assist, grant money to charitable, benevolent, religious, scientific, political, national or other institutions or objects or for any exhibition or for any public, general or useful object not directly relating to the business of the Company.	<b>To subscribe to charitable and other funds/ objects</b>
	32. Subject to the provisions of the Act, to make contribution of any amount directly or indirectly to any political party.	<b>To make political contribution</b>
	33. To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the deprecation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.	<b>Transfer to Reserve Funds</b>
<b>MANAGING DIRECTOR (S) OR WHOLETIME DIRECTOR (S)</b>		
<b>167.</b>	(i) Subject to the provisions of the Act and other applicable laws, the Board shall from time to time appoint one of the Directors as Managing Director of the Company, for such term and upon such terms and conditions as they may think fit, and may from time to time (subject to the provisions of any contract between him or them and the Company).	<b>Power to appoint Managing Director (s)</b>
	(ii) Subject to the provisions of the Act and other applicable laws, the Board shall from time to time appoint a whole time director or whole time directors of the Company either for a fixed term or without any limitation as to the period for which he or they is or are to hold such office but in any case not exceeding five years at a time and may from time to time (subject to the provisions of any contract, if any, between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.	<b>Power to appoint Whole Time Director (s)</b>
<b>168.</b>	Subject to the provisions of the Act and these Articles, a Managing Director (s) or Whole Time Director (s) shall be liable to retirement by rotation (save as otherwise provided in a contract, if any, between him and the Company in terms of provisions of the Act or Rules made thereunder or in a resolution passed by Board or Shareholders of the Company). He shall, however, be subject to the same provisions as to resignation and removal as are applicable to the other Directors of the Company. He shall ipso facto and immediately, cease to be a Managing or Whole Time Director if he ceases to hold the office of Director for any reason whatsoever save that if he shall vacate office whether by, retirement by rotation or otherwise under the provisions of the Act at any Annual General Meeting and shall be reappointed as a Director at the same meeting, he shall not, by reason only of such vacation, cease to be a Managing or Whole Time Director.	<b>What provisions he shall be subject to.</b>



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169.	Subject to the provisions of the Section 197 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company, if any, the remuneration of a managing director or whole-time director shall from time to time be fixed by the directors, subject to the approval of the Company in general meeting, and may be by way of fixed monthly payment or commission on profits of the Company or by participation in such profits or by any or all of these modes or any other mode not expressly prohibited by the Act.	<b>Remuneration of managing Director, whole time director</b>
170.	The Board may from time to time entrust to and upon a Managing Director (s) or whole time director (s) for the time being, such of the powers exercisable under these Articles by the Board as it may think fit, and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient, and they may, confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers, unless and until otherwise determined a Managing Director may exercise all the powers exercisable by the Board, save such powers as by the Act or by these Articles shall be exercisable by the Board itself.	<b>Power and duties of Managing Directors or whole-time director</b>
<b>CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER</b>		
171.	<p>(i) Subject to the provisions of the Act and other applicable laws:-</p> <p>(a) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>(b) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p> <p>(ii) A provision of the Act or these articles requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.</p> <p>(iii) The Directors may from time to time appoint and at their discretion remove, a person (hereinafter called "the Secretary") to keep the Registers required to be kept by the Company, to perform any other function which by the said Act or by these Articles are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to the Secretary by the Directors.</p>	<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>
<b>REGISTERS, BOOKS AND DOCUMENTS</b>		
172.	<p>(i) The Company shall keep and maintain at its registered office all statutory registers as required under the Act or these articles namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name, Register of Directors and Key Managerial Personnel and their shareholding and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed under the Act, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules.</p> <p>(ii) The registers and copies of annual return shall be open for inspection during business hours on all working days, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules.</p> <p>(iii) The Company shall also comply with the provisions of the Act as to filing Annual Returns.</p> <p>(iv) The Company shall duly comply with the provisions of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns and giving inspection thereof and furnishing copies thereof.</p> <p>(v) The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register. The foreign register shall be open for inspection and may be closed, and extracts may be taken therefrom and copies thereof may be required, in the same manner, mutatis mutandis, as is applicable to the register of members.</p>	<b>Registers, Books and documents to be maintained by the Company</b>
<b>THE SEAL</b>		

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173.	The board shall provide a Seal for the purposes of the Company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Board shall provide for the safe custody of the seal for the time being, and the seal shall never be used except by or under the authority of the Board or a Committee thereof previously given, and in the presence of at least two Directors and the secretary or such of the Company or such other persons appointed by the Board for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence	<b>Seal</b>
174.	Subject to the provisions relating to the issue of share certificates every deed or other instruments to which the Seal of Company is required to be affixed, shall unless the same as executed by duly constituted attorney of Chairperson or Vice-Chairperson or Managing Director of the Company, be signed by or by two Directors, provided nevertheless the certificates of debentures may be signed by one Director only or by the Secretary of the Company or by an Attorney of the Company duly authorised in this behalf and certificates of shares shall be signed as provided in these Articles.	<b>Deeds how executed</b>
<b>DIVIDENDS AND RESERVE</b>		
175.	The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.	<b>Declaration of Dividend</b>
176.	Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.	<b>Interim Dividend</b>
177.	(i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.  (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.	<b>Dividend only to be paid out of Profits</b>
178.	(i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.  (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.  (iii) All dividends shall be apportioned and paid proportionately to the amount paid or credited as paid on shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.	<b>Manner of payment of Dividend</b>
179.	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company or any other taxes as may be specified under any other law as applicable to the Company.	<b>Deduction from Dividend</b>
180.	(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronics means in the account of the member or cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.  (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.	<b>Mode of payment of Dividend</b>
181.	Any one of two or more joint holders of a share may give effective receipts for any dividends, interests, bonuses or other monies payable in respect of such share.	<b>Dividend to joint- holders</b>
182.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	<b>Notice of Dividend declared to person entitled thereto</b>

Sr. No	Particulars	
183.	No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest against the Company.	<b>Dividend not to bear interest</b>
184.	The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder or otherwise as requested by member) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.	<b>Waiver of Dividend</b>
185.	<p>Subject to the provisions of the Act:-</p> <p>(i) Where a dividend has been declared by the company but has not been paid or claimed within thirty days from the date of the declaration to any share holder entitled to the payment of the dividend, the company shall, within seven days from the date of expiry of the said period of thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank, to be called “Unpaid Dividend Account -Company”.</p> <p>(ii) Any money transferred to the said special account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the fund known as “Investor Education and Protection Fund” or any other fund as may be prescribed under the Act from time to time.</p> <p>(iii) All shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of “Investor Education and Protection Fund” or any other fund as may be prescribed under the Act from time to time.</p>	<b>Unpaid dividend</b>
186.	Any General Meeting declaring a dividend may on the recommendation of the Board make a call on the members for such amount as the meeting fixes, but so that the call to each member shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend and the dividend may, if so, arranged between the Company and the members, be set off against the call.	<b>Dividend and call together</b>
	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.	<b>Effect of transfer of shares</b>
	The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.	<b>Retention of dividends until completion of transfer under Articles.</b>
<b>CAPITALISATION OF PROFITS</b>		
187.	<p>(i) The Company in general meeting may, upon the recommendation of the Board, resolve—</p> <p>(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(ii) The sum aforesaid shall not be paid in cash but shall be applied, either in or towards—</p> <p>(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;</p> <p>(c) partly in the way specified in sub-clause (a) and partly in that specified in sub- clause (b);</p> <p>(d) A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this article, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares and any other securities permitted under the act;</p> <p>(e) The Board shall give effect to the resolution passed by the company in pursuance of this Article.</p>	<b>Power of the Company for Capitalisation</b>

Sr. No	Particulars	
<b>188.</b>	<p>(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall:</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares or any other security (ies), if any ; and</p> <p>(b) generally do all acts and things required to give effect thereto.</p> <p>(ii) The Board shall have power:</p> <p>(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or any other securities to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;</p> <p>(iii) Any agreement made under such authority shall be effective and binding on such members.</p>	<b>Fractional Certificates and Powers of the Board for Capitalisation</b>
<b>189.</b>	The Board may subject to the provisions, if any, of the Act, sell any fractional shares, held by members with their consent being obtained and distribute the proceeds thereof amongst such members after deduction of expenses incurred in connection with such sale on the Stock Exchanges at prevalent market price on the date of sale.	<b>Power to sell fractional shares</b>
<b>ACCOUNTS</b>		
<b>190.</b>	<p>(i) The company shall prepare and keep at its registered office books of account and other relevant books and papers and financial statement for every financial year which give a true and fair view of the state of the affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.</p> <p>Provided that all or any of the books of account aforesaid and other relevant papers may be kept at such other place in India as the Board of Directors may decide and where such a decision is taken, the company shall, within seven days thereof, file with the Registrar a notice in writing giving the full address of that other place.</p> <p>Provided further that the company may keep such books of account or other relevant papers in electronic mode in such manner as may be prescribed under the Act.</p> <p>(ii) If the company have a branch office, whether in or outside India, proper books of account relating to the transactions effected at that office shall be kept at that office and proper summarised returns, periodically are sent by the branch office to the company at its Registered Office or the other place in India, as the Board thinks fit, where the main books of the Company are kept.</p> <p>(iii) The Books of Account and other books and papers maintained by the company shall be open to inspection by any Director during business hours.</p>	<b>Books of Accounts, etc. to be kept</b>
<b>191.</b>	The Books of Account of the Company relating to a period of not less than eight financial years immediately preceding a financial year, or where the company had been in existence for a period less than eight years, in respect of all the preceding years together with the vouchers relevant to any entry in such books of account shall be kept in good order.	<b>Books of Accounts to be preserved</b>
<b>192.</b>	<p>(i) The Board shall, from time to time, determine whether and to what extent, and at what times and places, and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of the members not being Directors;</p> <p>(ii) No member (not being a Director) shall have any right of inspection of any account or book or document of the Company except as conferred by law or authorised by the Board or by the company in general meeting.</p>	<b>Inspection by Member of Accounts and books of the Company</b>
<b>193.</b>	At every annual general meeting of a company, the Board of the Company shall lay before such meeting financial statements for the financial year.	<b>Statement of Accounts to be furnished to General Meeting</b>
<b>194.</b>	(i) Subject to the provisions of the Act, the financial statements shall give a true and fair view of the state of affairs of the Company as at the end of the financial year and shall comply with the accounting standards notified	<b>Financial Statements</b>



Sr. No	Particulars	
	under the Act and shall be in the form or forms as may be provided under the Act.	
	(ii) So long as the Company is holding Company having a subsidiary, the Company shall conform to the provisions of the Act.	
<b>195.</b>	The financial statement, including consolidated financial statement, if any, shall be approved by the Board before they are signed on behalf of the Board in accordance with the provisions of the Act for submission to the auditor for his report thereon.	<b>Authentication of Financial Statements</b>
<b>196.</b>	The auditors' report shall be attached to every financial statement.	<b>Auditor's Report to be attached to the Financial Statement</b>
<b>197.</b>	The Directors shall make out and attach to every Balance Sheet laid before the Company in General Meeting a Report of the Board of Directors which shall comply with the requirements of and shall be signed in the manner provided under the Act.	<b>Board's Report to be attached to Financial Statement</b>
<b>198.</b>	The Company shall comply with the provisions of the Act.	<b>Right of members to copies of Balance Sheet and Auditors' Report.</b>
<b>199.</b>	Every Financial Statement when audited and adopted at a general meeting shall be conclusive.	<b>Conclusiveness of Financial Statements</b>
<b>AUDIT</b>		
<b>200.</b>	Once at least in every year the accounts of the Company shall be balanced and audited and the correctness of the Financial Statements ascertained by one or more Auditor or Auditors.	<b>Accounts to be audited</b>
<b>201.</b>	Company shall comply with the provisions of the Act with regard to appointment/re- appointment of auditors of the company.	<b>Appointment/re- appointment of Auditors</b>
	Where at any annual general meeting, no auditor is appointed or re-appointed, the existing auditor shall continue to be the auditor of the company.	<b>If auditor not appointed/re- appointed</b>
	The Board may fill any casual vacancy in the office of Auditor within thirty days, but if such casual vacancy is as a result of the resignation of an auditor, such appointment shall also be approved by the company at a general meeting convened within three months of the recommendation of the Board and he shall hold the office till the conclusion of the next annual general meeting.	<b>Casual Vacancy</b>
	The company shall comply with the provisions of the Act with regard to Removal, resignation of auditor and giving of special notice.	<b>Removal, resignation of auditor and giving of special notice</b>
	The persons qualified for appointment as Auditors shall be only those referred in the Act.	<b>Qualifications and disqualifications of Auditors</b>
<b>202.</b>	The Company shall comply with the provisions of the Act in relation to the audit of the accounts of the branch offices of the Company except to the extent to which any exemption may be granted by the Central Government in that behalf.	<b>Audit of Branch offices</b>
<b>203.</b>	Subject to the provisions of the Act, the remuneration of the Auditors of the Company shall be fixed by the Company in General Meeting or in such manner as may be determined therein. However, the board may fix remuneration of the first Auditors appointed by it.	<b>Remuneration of auditors</b>
<b>204.</b>	The auditors of the company shall have all such powers and duties as specified under the Act and relevant rules framed thereunder.	<b>Powers and duties of Auditors</b>
<b>205.</b>	The auditor of the company shall sign the auditor's report or sign or certify any other document of the company in accordance with the provisions of the Act and the qualifications, observations or comments on financial transactions or matters, which have any adverse effect on the functioning of the company mentioned in the auditor's report shall be read before the company in general meeting and shall be open to inspection by any member of the company.	<b>Auditor to sign audit report, etc.</b>
<b>DOCUMENTS AND SERVICE OF DOCUMENTS</b>		
<b>206.</b>	(i) A document (which expression for this purpose shall be deemed to include) shall include any summons, notice, requisition, process, order, judgement or any other document in relation to or in the winding up/liquidation of the Company, may be served or sent by the Company on or to any member in the manner prescribed by the Act.	<b>Service of documents how effected</b>
	(ii) A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending a letter (through any means permitted under the Act) addressed to them by	<b>Service on person acquiring shares on death or insolvency of member</b>

Sr. No	Particulars	
	name or by the title of representatives of the deceased or assignee of the insolvent or by any like description at the address or e-mail (if any) supplied for the purpose by the persons claiming to be so entitled and until such address has been so supplied by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.	
<b>207.</b>	(i) Any document or notice required to be given by the Company to the Members or any other persons and not expressly provided for by the Articles or by the Act shall be sufficiently given by advertisement.  (ii) Any notice required to be, or, which may be given by advertisement shall be advertised once in one or more newspapers circulating in the District in which the Registered Office of the Company is situated and shall be deemed to have been served on the day on which the advertisement first appears.	<b>Advertisement of Documents/ Notices</b>
<b>208.</b>	Every person, who by operation of law, transfer, or other means whatsoever, shall become entitled to any share shall be bound by every document in respect of such share which previously to his name and address being entered on the Register, shall be duly served on or sent to the person from whom he derives his title to such share.	<b>Persons becoming entitled to shares bound by document served to previous persons</b>
<b>209.</b>	Any notice to be served or given by the Company shall be signed by the Managing Director or Whole Time Director or Secretary or such officer as the Board may appoint. The signature on any notice to be served or given by the Company may be written or printed or lithographed or be affixed by any other electronic or mechanical means.	<b>Notice to be signed</b>
<b>210.</b>	All notices or documents may be served on the Company or an Officer thereof, by sending it to the Company or the Officer at the registered office of the Company by registered post or by speed post or by courier service with proof of delivery, or by any electronic mode or such other mode as may be permitted under the Act.	<b>Notice on Company</b>
<b>AUTHENTICATION OF DOCUMENTS</b>		
<b>211.</b>	Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.	<b>Signing of documents &amp; notices to be served or given.</b>
	Save as otherwise expressly provided in the Act or these Articles, a document or proceeding requiring authentication by the Company may be signed by a Director or the Managing Director or an authorised officer of the Company and need not be under its seal.	<b>Authentication of documents and proceedings</b>
<b>WINDING UP/LIQUIDATION</b>		
<b>212.</b>	Subject to the provisions of the Act and Rules made thereunder:  (i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.  (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.  (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.	<b>Winding up of Company</b>
<b>SECURITY CLAUSE</b>		
<b>213.</b>	(i) Every director, manager, auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company, shall if so required by the Board, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters related thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matter relate and except so far as may be necessary in order to comply with any of the provisions in these articles contained.	<b>Secrecy Clause</b>

Sr. No	Particulars
	(ii) No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or the Managing Director or in require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be the nature of a trade secret, mystery of trade or secret process, which may relate to the conduct of the business of the Company and which in the opinion of the Directors or the Managing Director it will be inexpedient in the interest of the members of the Company to communicate to the public.

#### INDEMNITY AND RESPONSIBILITY

214.	<p>(i) Subject to the provisions of the Act, every Director of the Company or the Managing Director, Manager, Secretary and other officer or employee of the Company and the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them shall be indemnified by the Company against and it shall be the duty of the Director out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which any such Director, Managing Director, Secretary, Officer or employee and the trustees (if any) for the time being acting in co-relation to any of the affairs of the Company may incur or become liable to by reason of any contract entered into or any act or deed done by him as such Director, Secretary, Officer or servant or in any way in the discharge of his duties.</p> <p>(ii) Subject aforesaid every Director, Managing Director, Manager, Secretary or other Officer or employee of the Company or the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under the provisions of the Act in which relief is given to him by the Court or the Tribunal</p>	<b>Directors' and others' right to indemnity</b>
215.	Subject to the provisions of the Act, no Director or Managing Director or Secretary or any other Officer of the Company shall be liable for the acts, omission, neglects, defaults of any other Director or officer/employee of the Company or for joining in any receipt or other act for conformity, or for any loss or expenses incurred by the Company through insufficiency of deficiency of title to any property acquired by order of the Board for on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty, wilful neglect or default.	<b>Not responsible for acts of others</b>

#### GENERAL POWER

216.	Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its Articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.	
217.	<p>a) Reports and Information. Investor and/or a Person nominated by Investor, shall be entitled to receive from the Company, the following information regarding the Company:</p> <p>b) quarterly unaudited financials within 60 (sixty) days, half yearly and annual unaudited Financial Statements within 120 (one hundred and twenty) days of the end of each financial quarter, half-year and annual period respectively;</p> <p>c) audited annual Financial Statements for a Financial Year within 180 (one hundred and eighty) days of the end of such Financial Year, provided that the Company shall share the draft audited Financial Statements with the Board and the Investor at least 7 (seven) days prior to adoption of annual accounts by the Board;</p> <p>d) quarterly half yearly progress reports based on a format agreed between the Investor and the Company, within 15 (fifteen) days after the end of each quarter;</p> <p>e) minutes of Board and general meetings within 15 (fifteen) days of the respective meeting;</p> <p>f) annual internal audit reports of the Company, if so undertaken, along with management comments, within 60 (sixty) days of completion of such internal</p>	<b>Information Rights</b>

Sr. No	Particulars	
	<p>audit; annual Business Plan proposed by the Company at least 30 (thirty) days before the commencement of the Financial Year;</p> <p>g) annual operating budget atleast 30 (thirty) days prior to the beginning of the Financial Year;</p> <p>h) information relating to the termination of employment/ resignation of Key Employees within 15 (fifteen) Business Days of the occurrence of such event;</p> <p>i) details of any event of force majeure or any other event which would have a material effect on the Company's profits or Business including details of any litigation material to the Business which is made or threatened by or against the Company or any Founders; and</p> <p>j) copies of any specific reports/ filings filed by the Company with any Governmental Authority as may be reasonably requested by the Investor.</p>	
<p><b>218.</b></p>	<p>a) General. In the event the Company proposes to issue any Shares, the Company shall first offer such Shares to the Investor in proportion to its pro rata shareholding. It is hereby clarified that pursuant to this agreement, the Pre-Emptive Right for the Investor shall be exercisable by the Investor in proportion to its respective shareholding in the Company.</p> <p>b) Procedure: Unless otherwise agreed to by the Investor in writing, the offer of new Shares shall be made in the manner as under:</p> <p>(i) The Company shall deliver a written notice ("Offer Notice") to the Investor stating: (a) its intention to offer such Shares; (b) the number of such Shares to be offered; (c) the price and terms, if any, upon which it proposes to offer such Shares; (d) the number of Shares the Investor is entitled to subscribe to in such issue; and (e) acceptance period.</p> <p>(ii) By written notice to the Company within 30 (Thirty) Business Days after receipt of the Offer Notice ("Acceptance Period"), the Investor may elect to subscribe up to all the Shares offered at the price and on the terms specified in the Offer Notice ("Acceptance"). Within 60 (Sixty) days of communication of Acceptance ("Remittance Period"), the Investor shall remit the subscription amount for the Shares and the Company shall issue the Shares within 2 (Two) working days of receipt of the subscription amount.</p> <p>(iii) If the Investor does not exercise their Pre-Emptive Right within (i) the Acceptance period ; or remit the subscription amount for the accepted Shares after issuing the Acceptance within the Remittance Period or (ii) one day after the Investor has shown its disinterest in subscribing to the Shares in writing within the Acceptance period, then the Company may issue such shares which are unsubscribed by the Investor to any third party approved by the Board with prior written consent of the Investor (which consent shall not be unreasonably withheld). The Shares shall be offered to a third party approved by the Board at a price not less than, and upon terms no more favourable than those specified in the Offer Notice.</p> <p>(iv) If the Company does not issue Shares to a third party within 30 (Thirty) days from the date of expiry of the Acceptance Period or Remittance Period (as the case may be), or such further period as may be extended with the mutual consent of the Founder and the Investor.</p> <p>c) Necessary Acts. The Parties undertake to ensure that all actions necessary to give effect to this Clause 8 will be taken as and when required.</p>	<p><b>Further Issue of Shares and Pre-emptive Right</b></p>
<p><b>219.</b></p>	<p>a) Right of First Refusal. If a Founder decides to Transfer ("Selling Shareholder") in excess of 10% (Ten Percent) of the Shares held by such Selling Shareholder ("Sale Shares") to any Person other than the Investor then such Selling Shareholder hereby unconditionally and irrevocably grants to the Investor, in proportion to its shareholding, a prior right to purchase all or part of the Sale Shares at the same price and on the same terms and conditions as those offered to such Person ("Right of First Refusal");</p> <p>(b) Procedure</p> <p>(i) Upon a Selling Shareholder receiving a proposal from any Person (hereinafter the "Proposed Transferee") for purchase of all or part of the Sale Shares held by such Selling Shareholder, which the Selling Shareholder(s) intends to accept ("Proposal"), the Selling Shareholder shall immediately notify the Investor (each "ROFR Right Holder") and the Company of the proposal by way of a notice ("Transfer Notice"). The Transfer Notice shall set forth the name and other material particulars of the Proposed Transferee, the number of Sale Shares, the price per Sale Share and other terms of the Transfer and an undertaking from the Selling Shareholder(s) stating that the offer is bona fide. The proposal and any other document executed by the Selling Shareholder and/or the Proposed Transferee (whether binding or non-binding by whatever name called) in relation to the proposal shall also be annexed to the Transfer Notice. The Selling Shareholder shall ensure that such term sheet explicitly states that such transaction is subject to the Right of First Refusal and the Tag Along Right of the ROFR Right Holder.</p>	<p><b>Right of first refusal and tag along right</b></p>



Sr. No	Particulars
	<p>(ii) The ROFR Right Holder may exercise the Right of First Refusal with respect to their pro rata entitlement of all or part of the Sale Shares by a written notice to the Selling Shareholder(s) within 30 (Thirty) days of receipt of the Transfer Notice ("First ROFR Acceptance Notice"). If the ROFR Right Holder exercises the Right of First Refusal, the Selling Shareholder(s) shall be bound to sell such pro rata entitlement of the Sale Shares to the ROFR Right Holder and the ROFR Right Holder shall purchase all or part of the Sale Shares within a period of 45 (Forty-Five) days from the date of receipt of the Transfer Notice.</p> <p>(iii) In the event the ROFR Right Holder does not exercise the Right of First Refusal or the ROFR Right Holder does not exercise Right of First Refusal to purchase all or part of the Sale Shares, any Transfer of the Sale Shares by the Selling Shareholder(s) to the Proposed Transferee, subject to compliance with the provisions of Clause 11.5 below, shall not be at a price lower than the price per Share and on terms and conditions more favourable than those specified in the Transfer Notice, unless the procedure set forth in this Clause 11.4 is complied with afresh.</p> <p>(c) Tag Along Right of the Investor</p> <p>(i) The Selling Shareholder shall also ensure that the Transfer Notice contains an offer from the Proposed Transferee to purchase up to a pro rata number of Investor Securities held by the ROFR Right Holder. The ROFR Right Holder will be entitled to sell all or part of the Investor Securities on the same terms and conditions specified in the Transfer Notice (the "Tag Along Right"). If any of the ROFR Right Holder desire to exercise their Tag Along Right, it must give the Selling Shareholder(s) a written notice along with the details of number of Shares it proposes to Transfer ("Tag Along Shares") to that effect within 30 (Thirty) days of the receipt of Transfer Notice, and upon giving such notice, the relevant ROFR Right Holder shall be deemed to have effectively exercised the Tag Along Right.</p> <p>(ii) The Tag Along Shares shall be Transferred to the Proposed Transferee simultaneously with the Transfer of the Sale Shares.</p> <p>d) If any proposed Transfer is not consummated by the Selling Shareholder(s) within a period of 60 (Sixty) days from the date of delivery of the Transfer Notice to the ROFR Right Holders, the Selling Shareholder(s) may sell any of the Sale Shares.</p>
220.	<p>In the event the initial public offer (IPO) is not undertaken by the company by 31<sup>st</sup> March 2024 or the Board or its constituted committee determines that the Company shall not proceed with the IPO, than the Founders or the company at the sole option of the Investor shall (a) Buy back all the Shares held by the Investor at the same price paid by the Investor for the purchase of the Shares; or (b) permit the Investor to continue to hold the Shares in the Company on the terms &amp; conditions decided mutually between the Parties at that time</p> <p style="text-align: right;"><b>Buy-Back</b></p>

## SECTION IX- OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered into or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Prospectus which will be delivered to the RoC for registration. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 272, Mota Singh Nagar, Jalandhar – 144 001, Punjab, India between 10 a.m. and 5 p.m. (IST) on all Working Days from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

#### Material contracts to the Issue

1. Issue Agreement dated September 28, 2023 between our Company and the Book Running Lead Manager.
2. Registrar Agreement dated September 28, 2023 between our Company and Registrar to the Issue.
3. Underwriting Agreement dated [●] entered into among our Company, the Underwriter and the Book Running Lead Manager.
4. Market Making Agreement dated [●] entered into among our Company, the Market Maker and the Book Running Lead Manager.
5. Banker to the Issue Agreement dated [●] entered into among our Company, the Book Running Lead Manager, Banker to the Issue and the Registrar to the Issue.
6. Syndicate Agreement dated [●] entered into amongst our Company, the Book Running Lead Manager, Market Maker and the Registrar to the Issue.

#### Material documents

1. Certified copies of our Memorandum of Association and Articles of Association of the Company, as amended until date.
2. Certificate of Incorporation dated October 8, 1997.
3. Fresh certificate of incorporation dated June 16, 2003 issued upon conversion into a private limited company.
4. Fresh certificate of incorporation dated September 8, 2023 issued upon re-conversion into a public limited company.
5. Resolution of the Board of Directors of our Company dated September 11, 2023 approving the Issue and other related matters.
6. Resolution of our Shareholders dated September 13, 2023 approving the Issue and other related matters.
7. Resolution of the IPO Committee of our Company and resolution of our Board of Directors, both dated September 30, 2023 approving and adopting this Draft Red Herring Prospectus for filing with the Stock Exchange.
8. Shareholders' Agreement ("SHA") executed on August 12, 2023 by and between the Investor, the Founders, New Shareholders, Existing Shareholders and our Company.
9. Consent from the independent Chartered Engineer Ravi Behl dated September 28, 2023 to include his name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act in respect of their (i) the Cost Assessment Report – Civil dated September 28, 2023 certifying the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to Capital expenditure towards the Processing Plant & Machinery, Utilities and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.
10. Consent from the independent Chartered Engineer Vinod Kumar Garg dated September 28, 2023 to include his name as required under Section 26(5) of the Companies Act read with the SEBI ICDR Regulations in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act in respect of their (i) the Cost Assessment Report – Civil dated September 28, 2023 certifying the estimated cost of setting up a manufacturing facility to be located at Mohali, Punjab with respect to cost of Land and Capital Expenditure pursuant to construction of Building and Civil work.
11. Report on Statement of Special Tax Benefits available to our Company and the Shareholders, dated September 29, 2023 issued by from the Statutory Auditors included in this Draft Red Herring Prospectus.
12. Consents of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor and Peer Reviewed Auditor, Book Running Lead Manager, Legal Advisor to the Issue, Registrar to the Issue, Bankers to our Company and Banker to our Issue to include their names in this Draft Red Herring Prospectus and to acting their respective capacities.
13. Copies of annual reports of the Company for the last three Fiscals, i.e., Fiscals 2023, 2022 and 2021.
14. Peer Review Auditors Report dated September 29, 2023 on Audited Restated Financial Statements of our Company for Fiscals 2023, 2022 and 2021.
15. Tripartite Agreement dated September 6, 2019 between NSDL, our Company and Registrar to the Issue; and
16. Tripartite Agreement dated September 26, 2023 between CDSL, our Company and Registrar to the Issue.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, with the consent of shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**  
**Paramjit Singh Chatha**  
**Managing Director**

**Date:** September 30, 2023

**Place:** Mohali

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-  
Gurpreet Chatha  
Whole-time Director**

**Date:** September 30, 2023

**Place:** Mohali



## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**  
**Gurcharan Singh Gosal**  
**Whole-time Director**

**Date:** September 30, 2023

**Place:** Mohali

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**  
**Iqbal Singh Chatha**  
**Non-Executive Director**

**Date:** September 30, 2023

**Place:** Mohali

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**

**Purnachand Upadrashta  
Independent Non-Executive Director**

**Date:** September 30, 2023

**Place:** Gurgaon

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**

**Chinmayee Swarup Deulgaonkar**  
**Independent Non-Executive Director**

**Date:** September 30, 2023

**Place:** Mumbai

## **DECLARATION**

I hereby certify and declare that all relevant provisions of the Companies Act, the rules, regulations and guidelines issued by the Government of India, or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Act or the rules, regulations and guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures, confirmations and undertakings in this Draft Red Herring Prospectus are true and correct.

### **SIGNED BY DIRECTOR OF OUR COMPANY**

**Sd/-**

Vishal Singh Sirmauria  
**Chief Financial Officer**

**Date:** September 30, 2023

**Place:** Mohali