



## SHANTHALA FMCG PRODUCTS LIMITED

Corporate Identification Number: U51109KA2014PLC073756

| Registered Office   | Corporate Office | Contact Person  | Email and Telephone  | Website               |
|---|------------------|---|--|-----------------------|
| 7th Block, Gandhinagar Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India | N.A.             | Ms. Snehal Ravindra Bhagwat, Company Secretary and Compliance Officer | <b>E-mail:</b><br>ipo@Shanthalafmcg.com<br><b>Tel:</b> +91 82742 98999 | www.Shanthalafmcg.com |

**PROMOTER: B. MANJUNATH MALLYA, SHOBITHA MALYA, SNEHA VINAYAK KUDVA AND YOGISH MALLYA**

### DETAILS OF ISSUE TO PUBLIC

| Type of Issue | Fresh Issue Size   | Offer For Sale Size | Total Offer Size   | Eligibility   |
|---------------|--|---------------------|--|---|
| Fresh Issue   | 17,66,400 Equity Shares at the Offer Price of ₹ 91 each aggregating ₹ 1,607.42 Lakhs | N.A.                | 17,66,400 Equity Shares at the Offer Price of ₹ 91 each aggregating ₹ 1,607.42 Lakhs | This Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended. The Offer is being made pursuant to Regulation 229 (1) of SEBI (ICDR) Regulations, as the Company's post Offer paid up capital will be less than ₹ 10.00 Cr. |

### RISKS IN RELATION TO FIRST OFFER

This being the first Public Offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10/- each and the Offer Price of ₹ 91 is 9.10 times of the face value of the Equity Shares. The Offer Price (determined and justified by our Company in consultation with the Lead Manager) as stated under "Basis for Offer Price" beginning on page no. 63 of this 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

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer 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 Prospectus. Specific attention of the investors is invited to "Risk Factors" on page 18.

### ISSUER'S ABSOLUTE RESPONSIBILITY



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

### LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited ("NSE"). For the purposes of this Offer, NSE is the Designated Stock Exchange.

### BOOK RUNNING LEAD MANAGER TO THE OFFER

### REGISTRAR TO THE OFFER

|   |   |  |   |
|---|---|--|---|
|                   |   |     |   |
| <b>Name of Book Running Lead Manager to the Offer:</b><br><br><b>First Overseas Capital Limited</b> | <b>Name of Contact Person:</b> Satish Sheth / Mala Soneji<br><br><b>Tel No.:</b> +91 22 4050 9999<br><b>Email:</b> mb@focl.in | <b>Name of Registrar to the Offer:</b><br><br><b>Bigshare Services Private Limited</b> | <b>Name of Contact Person:</b> Babu Rapheal C.<br><br><b>Tel. No.:</b> +91 22 6263 8200<br><b>Email:</b> ipo@bigshareonline.com |

### OFFER PROGRAMME

|                         |                                 |
|-------------------------|---------------------------------|
| <b>OFFER OPENS ON:</b>  | <b>Friday October 27, 2023</b>  |
| <b>OFFER CLOSES ON:</b> | <b>Tuesday October 31, 2023</b> |



## SHANTHALA FMCG PRODUCTS LIMITED

Our Company was incorporated as Shanthala Traders Private Limited on February 20, 2014 under the Companies Act, 1956 with the Registrar of Companies, Bangalore bearing Registration number 073756. The name of the Company was changed to Shanthala FMCG Products Private Limited vide certificate of incorporation, consequent to change of name was issued on April 24, 2023 by the Registrar of Companies, Bangalore. The status of the Company was changed to public limited and the name of our Company was changed to Shanthala FMCG Products Limited vide Special Resolution dated June 12, 2023 pursuant to conversion of the Company into public limited Company. The fresh certificate of incorporation consequent to conversion was issued on July 10, 2023 by the Registrar of Companies, Bangalore. The Corporate Identification Number of our Company is U51109KA2014PLC073756. For further details of our Company, see "General Information" and "History and Certain Other Corporate Matters" on pages 38 and 93, respectively.

**Registered Office:** 7th Block, Gandhinagar Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India

**Tel No.:** +91 82742 98999; **Email:** ipo@Shanthalafmcg.com; **Website:** www.Shanthalafmcg.com

**Contact Person:** Snehal Ravindra Bhagwat, Company Secretary and Compliance Officer.

### PROMOTER: B. MANJUNATH MALLYA, SHOBITHA MALLYA, SNEHA VINAYAK KUDVA AND YOGISH MALLYA

INITIAL PUBLIC OFFERING OF UP TO 17,66,400 EQUITY SHARES OF ₹10 EACH ("EQUITY SHARES") OF SHANTHALA FMCG PRODUCTS LIMITED ("SHANTHALA" OR THE "COMPANY") FOR CASH AT A PRICE OF ₹91 PER EQUITY SHARE (THE "OFFER PRICE"), AGGREGATING TO ₹ 1,607.42 LAKHS ("THE OFFER"). OF THE OFFER, 88,800 EQUITY SHARES AGGREGATING TO ₹80.81 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION I.E. OFFER OF 16,77,600 EQUITY SHARES OF FACE VALUE OF ₹ 10.00 EACH AT AN OFFER PRICE OF ₹ 91.00 PER EQUITY SHARE AGGREGATING TO ₹1,526.62 LAKHS IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE 26.36% AND 25.03%, RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, SEE "TERMS OF THE OFFER" ON PAGE 167 OF THE PROSPECTUS.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10.00 EACH AND THE OFFER PRICE OF ₹91.00 IS 9.10 TIMES OF THE FACE VALUE

THIS OFFER IS BEING MADE IN TERMS OF CHAPTER IX OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (THE "SEBI (ICDR) REGULATIONS"), AS AMENDED. IN TERMS OF RULE 19(2)(b) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED, THIS IS AN OFFER FOR AT LEAST 25% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THIS OFFER IS A FIXED PRICE OFFER AND ALLOCATION IN THE NET OFFER TO THE PUBLIC WILL BE MADE IN TERMS OF REGULATION 253 OF THE SEBI (ICDR) REGULATIONS, AS AMENDED. FOR FURTHER DETAILS, SEE "OFFER PROCEDURE" ON PAGE 175 OF THE PROSPECTUS.

All potential investors shall participate in the Offer only through an Application Supported by Blocked Amount ("ASBA") process including through UPI mode (as applicable) by providing details of the irrespective bank accounts and / or UPI IDs, in case of RIIs, if applicable, which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. A copy will be delivered for registration to the Registrar of Companies as under Section 26 and Section 28 of the Companies Act, 2013. For details in this regard, specific attention is invited to "Offer Procedure" on page 175. A copy of the Prospectus will be delivered for registration to the Registrar of Companies as required under Section 26 of the Companies Act, 2013.

### RISKS IN RELATION TO FIRST OFFER

This being the first Offer of the Issuer, there has been no formal market for the securities of our Company. The face value of the Equity Shares of our Company is ₹10.00. The Offer Price should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company nor regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Issuer and this Offer, including the risks involved. The Equity Shares 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 Prospectus. **Specific attention of the investors is invited to 'Risk Factors' on page 18.**

### ISSUER'S ABSOLUTE RESPONSIBILITY

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

### LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited ("NSE"). Our Company has received the approval letter dated October 11, 2023 from NSE for using its name in the offer document for listing of our shares on the EMERGE Platform of NSE. For the purpose of this Offer, the Designated Stock Exchange will be NSE.

### LEAD MANAGER TO THE OFFER

### REGISTRAR TO THE OFFER



#### FIRST OVERSEAS CAPITAL LIMITED

1-2 Bhupen Chambers, Dalal Street,  
Fountain, Mumbai – 400 001,  
Maharashtra, India.

**Tel No.:** +91 22 4050 9999

**Email:** mb@focl.in

**Investor Grievance Email:** investorcomplaints@focl.in

**Website:** www.focl.in

**SEBI Registration No:** INM000003671

**Contact Person:** Satish Sheth / Mala Soneji



#### BIGSHARE SERVICES PRIVATE LIMITED

S6-2, 6<sup>th</sup> Floor, Pinnacle Business Park,  
Mahakali Caves Road, Next to Ahura Centre,  
Andheri East, Mumbai - 400 093, Maharashtra, India

**Tel. No.:** +91 22 6263 8200

**Email:** ipo@bigshareonline.com

**Website:** www.bigshareonline.com

**Investor Grievance Email:** investor@bigshareonline.com

**SEBI Registration No.:** INR000001385

**Contact Person:** Babu Rapheal C.

### OFFER PROGRAMME

**OFFER OPENS ON:** Friday October 27, 2023

**OFFER CLOSES ON:** Tuesday October 31, 2023

## INDEX

|  |            |
|--|------------|
| <b>SECTION I – GENERAL .....</b>   | <b>1</b>   |
| DEFINITIONS AND ABBREVIATIONS .....  | 1          |
| CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY<br>OF PRESENTATION..... | 10         |
| FORWARD-LOOKING STATEMENTS .....   | 11         |
| <b>SECTION II - SUMMARY OF THE OFFER DOCUMENT.....</b>   | <b>12</b>  |
| <b>SECTION III - RISK FACTORS.....</b>   | <b>18</b>  |
| <b>SECTION IV – INTRODUCTION .....</b>   | <b>34</b>  |
| THE OFFER .....  | 34         |
| SUMMARY FINANCIAL INFORMATION .....  | 35         |
| GENERAL INFORMATION.....   | 38         |
| CAPITAL STRUCTURE .....  | 45         |
| OBJECTS OF THE OFFER .....   | 57         |
| BASIS FOR OFFER PRICE.....   | 63         |
| STATEMENT OF TAX BENEFITS.....   | 67         |
| <b>SECTION V: ABOUT THE COMPANY .....</b>  | <b>70</b>  |
| INDUSTRY OVERVIEW .....  | 70         |
| OUR BUSINESS .....   | 80         |
| KEY INDUSTRIAL REGULATIONS AND POLICIES IN INDIA .....   | 90         |
| HISTORY AND CERTAIN CORPORATE MATTERS .....  | 93         |
| OUR MANAGEMENT .....   | 96         |
| OUR PROMOTERS AND PROMOTER GROUP .....   | 106        |
| OUR GROUP ENTITIES .....   | 110        |
| RELATED PARTY TRANSACTIONS.....  | 112        |
| DIVIDEND POLICY .....  | 113        |
| <b>SECTION VI – FINANCIAL INFORMATION .....</b>  | <b>114</b> |
| FINANCIAL STATEMENTS .....   | 114        |
| MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF<br>OPERATIONS .....         | 138        |
| FINANCIAL INDEBTEDNESS .....   | 147        |
| <b>SECTION VII – LEGAL AND OTHER INFORMATION .....</b>   | <b>149</b> |
| OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS .....   | 149        |
| GOVERNMENT AND OTHER APPROVALS .....   | 152        |
| OUR GROUP ENTITIES .....   | 154        |
| OTHER REGULATORY AND STATUTORY DISCLOSURES .....   | 155        |
| <b>SECTION VIII – OFFER RELATED INFORMATION.....</b>   | <b>167</b> |
| TERMS OF THE OFFER.....  | 167        |
| OFFER STRUCTURE.....   | 172        |
| OFFER PROCEDURE .....  | 175        |
| RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES .....   | 195        |
| <b>SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION.....</b>                                | <b>196</b> |
| <b>SECTION X – OTHER INFORMATION.....</b>  | <b>208</b> |
| MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....  | 208        |
| DECLARATION.....   | 210        |

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## SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

*This Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or our Articles of Association, Memorandum of Association, policies shall be to such legislation, act or regulation, as amended 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 Prospectus but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.*

*Notwithstanding the foregoing in ‘Main Provisions of the Articles of Association’ ‘Summary of Our Business’, ‘Our Business’, ‘Risk Factors’, ‘Industry Overview’, ‘Key Regulations and Policies in India’, ‘Financial Information’, ‘Outstanding Litigation and Material Developments’ and ‘Part B’ of ‘Offer Procedure’, defined terms, will have the meaning ascribed to such terms in these respective sections.*

### Company Related Terms

| Term  | Description  |
|---|--|
| “Shanthala FMCG Products Limited”, “SHANTHALA”, “We” or “us” or “our Company” or “the Issuer” | Unless the context otherwise requires, refers to Shanthala FMCG Products Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at 7th Block, Gandhinagr Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India.           |
| “we”, “us”, or “our”  | Unless the context otherwise indicates or implies, our Company.  |
| “you”, “your” or “yours”  | Prospective investors in this Offer  |
| AOA/Articles / Articles of Association  | Unless the context otherwise requires, refers to the Articles of Association of our Company, as amended from time to time.   |
| Audit Committee   | The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Regulation 18 of the SEBI (LODR) Regulations and Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 |
| Board/ Board of Directors / Our Board   | The Board of Directors of our Company, including all duly constituted Committees thereof.  |
| Compliance Officer  | The Company Secretary of our Company, being Snehal Ravindra Bhagwat, Company Secretary and Compliance Officer.   |
| Director(s)   | Director(s) on the Board of our Company, as appointed from time to time, unless otherwise specified.   |
| Equity Shareholders   | The holders of the Equity Shares   |
| Equity Shares/Shares  | The equity shares of our Company of a face value of ₹10.00 each unless otherwise specified in the context thereof  |
| Group Companies / Group Entities  | Such companies as covered under the applicable accounting standards, being Accounting Standard 18 or other entities as considered material in accordance with the Materiality Policy, as described in “Our Group Entities” on page 109.                                |
| Key Management Personnel / KMP  | Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI (ICDR) Regulations, Section 2(51) of the Companies Act, 2013. For details, please refer “Our Management” on page 96.  |
| Materiality Policy  | A policy adopted by our Company, in its Board meeting held on July 18, 2023 for identification of group companies, material creditors and material litigations.  |
| MoA / Memorandum of Association   | The Memorandum of Association of our Company, as amended from time to time.  |
| Peer Reviewed Auditor / Statutory Auditor   | The independent peer reviewed Statutory Auditor of our Company M/s. Kale Malde & Co., Chartered Accountants  |
| Promoter Group  | Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(zb) of the SEBI (ICDR) Regulations.   |

|                              |  |
|------------------------------|--|
| Promoter                     | B. Manjunath Mallya, Shobitha Malya, Sneha Vinayak Kudva and Yogish Mallya   |
| Registered Office            | The registered office of our Company situated at 7th Block, Gandhinagr Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India.   |
| Registrar of Companies / ROC | Registrar of Companies, Bangalore, Karnataka   |
| Restated Summary Statements  | Audited restated summary statements of assets and liabilities for the period ended August 31, 2023 and as at March 31, 2023; 2022 and 2021 and audited restated summary statements of profits and losses and cash flows for the period ended August 31, 2023 and for the financial years ended March 31, 2023; 2022 and 2021 of the Company. |

### Offer Related Terms

| Term  | Description  |
|---|--|
| Acknowledgement Slip                          | The slip, document or counter foil issued by the Designated Intermediary to an Applicant as proof of having accepted the Application Form.   |
| Allot / Allotment /Allotted                   | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Offer of Equity Shares to the successful Applicants.   |
| Allottee                                      | A successful Applicant to whom the Equity Shares are Allotted.   |
| Applicant                                     | Any prospective investor who makes an application pursuant to the terms of the Prospectus and the Application Form.  |
| Application                                   | An indication to make an offer during the Offer Period by an Applicant, pursuant to submission of Application Form, to subscribe for or purchase our Equity Shares at the Offer 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 the Prospectus.  |
| Application Supported by Blocked Amount/ ASBA | An application, whether physical or electronic, used by an Applicant authorizing a SCSB to block the application amount in the ASBA Account maintained with the SCSB and will include amounts blocked by SCSB upon acceptance of UPI Mandate Request by UPI Applicants using the UPI Mechanism   |
| ASBA Account                                  | A bank account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Applicants for blocking the Bid Amount mentioned in the ASBA Form and will include amounts blocked by SCSB upon acceptance of UPI Mandate Request by UPI Applicants using the UPI Mechanism.   |
| ASBA Applicant(s)                             | Any prospective investors in this Offer who applies for Equity Shares of our Company through the ASBA process in terms of the Prospectus.  |
| Bankers to the Offer/ Public Offer Bank       | The banks which are clearing members and registered with SEBI as Banker to an Offer with whom the Public Offer Account will be opened and in this case being HDFC Bank Limited.  |
| Banker to the Offer Agreement                 | Agreement to be entered into amongst the Company, LM, the Registrar, Sponsor Bank, and the Banker of the Offer.  |
| Basis of Allotment                            | The basis on which the Equity Shares will be Allotted to successful Applicants under the Offer, described in “Offer Procedure” on page 175.  |
| Broker Centres                                | Broker centres notified by the Stock Exchange, where the Applicants can submit the Application Forms to a Registered Broker. The details of such broker centres, along with the name and contact details of the Registered Brokers, are available on the website of NSE on the following link <a href="http://www.nseindia.com">www.nseindia.com</a> . |
| Broker to the Offer                           | All recognized members of the stock exchange would be eligible to act as the Broker to the Offer.  |
| NSE SME                                       | The Emerge platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares Issued under Chapter IX of the SEBI (ICDR) Regulations, 2018.   |
| CAN / Allotment Advice                        | The note or advice or intimation of Allotment, sent to each successful Applicant who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange.  |
| Client ID                                     | Client identification number of the Applicant’s beneficiary account.   |

| <b>Term</b>  | <b>Description</b>  |
|--|---|
| 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.  |
| Collection Centres                                 | Centres at which the Designated Intermediaries shall accept the ASBA Forms.   |
| Controlling Branches of the SCSBs                  | Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Offer and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.  |
| Demographic Details                                | The details of the Applicants including the Applicants' address, names of the Applicants' father/husband, investor status, occupations, and bank account details.   |
| Depository /Depositories                           | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996.  |
| Depository Participant / DP                        | A depository participant as defined under the Depositories Act.   |
| Designated CDP Locations                           | Such locations of the CDPs where Applicants 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 website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ).                        |
| Designated Date                                    | The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account or unblock such amounts, as appropriate in terms of the Prospectus.   |
| 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 Offer and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity).   |
| Designated Market Maker / Market Maker             | In our case, BHH Securities Private Limited.  |
| Designated RTA Locations                           | Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange ( <a href="http://www.nseindia.com">www.nseindia.com</a> ).  |
| Designated SCSB Branches                           | Such branches of the SCSBs which collected the ASBA Application Form from the applicants and 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.                                      |
| Designated Stock Exchange                          | National Stock Exchange of India Limited  |
| Draft Prospectus / DP                              | The Draft Prospectus dated August 07, 2023 filed with National Stock Exchange of India Limited.   |
| Eligible NRI                                       | A non-resident Indian, resident in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Prospectus constitutes an invitation to subscribe for the Equity Shares.  |
| Equity Shares                                      | Equity Shares of our Company of face value Rs. 10/- each  |
| Electronic Transfer of Funds                       | Refunds through NACH, NEFT, Direct Credit or RTGS as applicable.  |
| Eligible QFI                                       | Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened dematerialised accounts with SEBI registered qualified depository participants as QFIs and are deemed as FPIs under the SEBI FPI Regulations.  |
| First Applicant                                    | The Applicant whose name appears first in the Application Form or the Revision Form.  |
| General Information Document                       | The General Information Document for investing in public issues prepared and issued in accordance with the circulars (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by the SEBI and (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018. |
| Offer / Issue / Public Offer/ Offer size / Initial | Initial Public Offering of up to 17,66,400 Equity Shares of ₹10 each ("Equity Shares") of Shanthala FMCG Products Limited ("SHANTHALA" or the "company") for cash at a price of ₹ 91 per equity share (the "Offer price"), aggregating to ₹ 1,607.42 lakhs ("the Offer").   |

| <b>Term</b>  | <b>Description</b>   |
|--|--|
| Public Offer/ Initial Public Offering / IPO                      | Of the Offer, 88,800 Equity Shares aggregating to ₹80.81 lakhs will be reserved for subscription by Market Maker (“Market Maker Reservation Portion”). The Offer less the Market Maker Reservation Portion i.e. Offer of 16,77,600 Equity Shares of face value of ₹ 10.00 each at an Offer price of ₹ 91.00 per Equity Share aggregating to ₹1,526.62 lakhs is hereinafter referred to as the “Net Offer”. |
| Offer Agreement / MoU  | The agreement dated July 27, 2023 entered into amongst our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Offer.  |
| Offer Closing Date   | The date on which the Offer closes for subscription. In this case being October 31, 2023   |
| Offer Opening Date   | The date on which the Offer opens for subscription. In this case being October 27, 2023  |
| Offer Period   | The period between the Offer Opening Date and the Offer Closing Date, inclusive of both days during which prospective Applicants can submit their Applications, including any revisions thereof.   |
| Offer Price  | The price at which Equity Shares are being offered by our Company being ₹ 91 per Equity Share.   |
| Lead Manager / LM  | The lead manager to the Offer, in this case being First Overseas Capital Limited.  |
| Listing Agreement  | Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the NSE.  |
| Market Maker Reservation Portion                                 | 88,800 Equity Shares of ₹10.00 each at ₹ 91 per Equity Share aggregating to ₹80.81 lakhs reserved for subscription by the Market Maker.  |
| Net Offer  | The Offer (excluding the Market Maker Reservation Portion) of 16,77,600 Equity Shares of face value of ₹10.00 each at an Offer Price of ₹ 91.00 per equity share aggregating to ₹1,526.62 lakhs.   |
| Net Proceeds   | Proceeds of the Offer that will be available to our Company, which shall be the gross proceeds of the Offer less the Offer expenses.   |
| Non-Institutional Investors / NIIs                               | All Applicants, including Category III FPIs that are not QIBs or Retail Individual Investors who have made Application for Equity Shares for an amount of more than ₹2,00,000 (but not including NRIs other than Eligible NRIs).   |
| Prospectus   | The Prospectus to be filed with the RoC for this Offer in accordance with the provisions of Section 26 of the Companies Act, 2013 and the SEBI (ICDR) Regulations, including any addenda or corrigenda thereto.  |
| Public Offer Account   | The account to be opened with the Banker to the Offer under Section 40 of the Companies Act, 2013 to receive monies from the ASBA Accounts on the Designated Date.   |
| Qualified Institutional Buyers or QIBs                           | A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI (ICDR) Regulations.   |
| Refund Account(s)  | Accounts to which the monies to be refunded to the Applicants is transferred from the Public Offer Account in case listing of the Equity Shares does not occur.  |
| Registered Brokers   | Stock brokers registered with the stock exchanges having nationwide terminals.   |
| Registrar Agreement  | The Agreement between the Registrar to the Offer and the Issuer Company dated July 27, 2023, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.  |
| Registrar and Share Transfer Agents or 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 to the Offer   | The Registrar to the Offer being Bigshare Services Private Limited.  |
| Retail Individual Investors/ RIIs                                | Applicants (including HUFs, in the name of Karta and Eligible NRIs) whose Application Amount for Equity Shares in the Offer is not more than ₹2,00,000/-.  |
| 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.   |
| Self Certified Syndicate Banks or SCSBs                          | Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.  |
| SME Platform of NSE / SME Exchange / Stock Exchange / NSE Emerge | The Emerge platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter IX of the SEBI (ICDR) Regulations.  |
| Sponsor Bank   | HDFC Bank Limited, being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs into the UPI, and carry out other responsibilities, in   |



| Term                       | Description   |
|----------------------------|---|
|                            | terms of the SEBI circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 issued by SEBI   |
| Underwriters               | First Overseas Capital Limited and BHH Securities Private Limited   |
| Underwriting Agreement     | The agreement dated July 27, 2023 entered into among the Underwriter and our Company.   |
| UPI                        | Unified payments interface, which is an instant payment mechanism, developed by NPCI  |
| UPI Applicants             | Collectively, individual investors applying as Retail Individual Inventors in the Retail Portion, and Other than retail individual investors applying with an application size of more than ₹ 200,000 and up to ₹ 500,000 in the Other than Retail Investors category and applying under the UPI Mechanism.<br><br>Pursuant to Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 500,000 shall use UPI and shall provide their UPI ID in the application form submitted with: (i) 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), (ii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iii) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity) |
| UPI ID                     | ID created on the UPI for single-window mobile payment system developed by NPCI   |
| UPI ID Linked Bank Account | Account of the RIIs, applying in the Offer using the UPI mechanism, which will be blocked upon accepting the UPI mandate to the extent of the appropriate application amount and subsequent debit of funds in the case of allotment.  |
| UPI Mandate Request        | A request (intimating the UPI Applicants by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI mobile application) to the UPI Applicants initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to application Amount and subsequent debit of funds in case of Allotment  |
| UPI mechanism              | The mechanism using UPI that may be used by UPI Applicants to make an application in the Offer in accordance with the SEBI Circulars  |
| UPI PIN                    | Password to authenticate UPI transaction  |
| Wilful Defaulter(s)        | Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI Regulations.   |
| Working Day(s)             | “Working Day” means all days on which commercial banks in Mumbai are open for business.<br>However, in respect of -<br>(a) announcement of Price Band; and<br>(b) Offer period, working day shall mean all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Mumbai are open for business;<br>(c) the time period between the Offer Closing Date and the listing of the Equity Shares on the Stock Exchange, working day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI.   |

### Technical and Industry Related Terms

| Term    | Description  |
|---------|--|
| B2B     | Business to Business                                       |
| B2C     | Business to Consumer                                       |
| FMCG    | International Organisation for Standardisation             |
| MT      | Metric Tons  |
| GDP     | Gross Domestic Product                                     |
| IBEF    | Indian Brand Equity Foundation                             |
| IS      | Indian Standard  |
| NASSCOM | The National Association of Software and Service Companies |
| PE      | Private Equity   |

**Explanation for KPI metrics**

| <b>KPI</b>              | <b>Explanations</b>  |
|-------------------------|--|
| Revenue from Operations | 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. |
| Total income            | Total income is used by the management to track revenue from operations and other income.  |
| EBITDA                  | EBITDA provides information regarding the operational efficiency of the business.  |
| EBITDA Margin (%)       | EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business.  |
| Net Debt                | Non-current borrowing + current borrowing - Cash and cash equivalent, Bank balance, and Investment in Mutual Funds   |
| PAT                     | Profit after tax provides information regarding the overall profitability of the business.   |
| PAT Margin (%)          | PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.   |
| Net Worth               | Net worth is used by the management to ascertain the total value created by the entity and provides a snapshot of current financial position of the entity.  |
| RoNW (%)                | RoNW provides how efficiently the Company generates profits from shareholders' funds.  |

**Conventional and General Terms and Abbreviations**

| <b>Term</b>                                | <b>Description</b>   |
|--|--|
| A/c  | Account  |
| AGM  | Annual General Meeting   |
| AIF(s)                                     | Alternative Investment Funds   |
| Air Act                                    | Air (Prevention and Control of Pollution) Act, 1981  |
| AS   | Accounting Standards as issued by the Institute of Chartered Accountants of India  |
| ASBA                                       | Applications Supported by Blocked Amount   |
| Authorised Dealers                         | Authorised Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000   |
| AY   | Assessment Year  |
| B. A.                                      | Bachelor of Arts   |
| B.Com                                      | Bachelor of Commerce   |
| Banking Regulation Act                     | Banking Regulation Act, 1949   |
| Bn   | Billion  |
| BSE  | BSE Limited (formerly known as Bombay Stock Exchange Limited)  |
| CAGR                                       | Compounded Annual Growth Rate  |
| Category I Foreign Portfolio Investor(s)   | FPIs registered as Category I Foreign Portfolio Investors under the SEBI FPI Regulations.  |
| Category II Foreign Portfolio Investor(s)  | An FPI registered as a category II foreign portfolio investor under the SEBI FPI Regulations   |
| Category III Foreign Portfolio Investor(s) | FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices |
| CBEC                                       | Central Board of Excise and Customs  |
| CDSL                                       | Central Depository Services (India) Limited  |
| Central Sales Tax Act                      | Central Sales Tax Act, 1956  |
| CEO  | Chief Executive Officer  |
| CFO  | Chief Financial Officer  |
| CIN  | Company Identification Number  |

| <b>Term</b>                                | <b>Description</b>  |
|--|---|
| CIT  | Commissioner of Income Tax  |
| Companies Act                              | Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder |
| Companies Act 1956                         | Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)  |
| Companies Act 2013                         | Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications, and modifications thereunder   |
| Consolidated FDI Policy                    | The current consolidated FDI Policy, effective from June 7, 2016, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time   |
| Copyright Act                              | The Copyright Act, 1957   |
| CSR  | Corporate Social Responsibility   |
| Depositories Act                           | Depositories Act, 1996  |
| Depository                                 | A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996  |
| DIN  | Director Identification Number  |
| DIPP                                       | Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI   |
| DP   | Depository Participant  |
| DP ID                                      | Depository Participant's identity number  |
| DTC  | Direct Tax Code, 2013   |
| ECS  | Electronic Clearing System  |
| EGM  | Extraordinary General Meeting   |
| Environment Protection Act                 | Environment Protection Act, 1986  |
| EPF Act                                    | Employees' Provident Funds and Miscellaneous Provisions Act, 1952   |
| EPS  | Earnings per share  |
| ESI Act                                    | Employees' State Insurance Act, 1948  |
| F&NG                                       | Father and Natural Guardian   |
| F&O  | Futures and Options   |
| FCNR Account                               | Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA  |
| FDI  | Foreign Direct Investment   |
| FEMA                                       | The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder  |
| FEMA 20                                    | The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000  |
| FII(s)                                     | Foreign Institutional Investors as defined under SEBI FPI Regulations   |
| Financial Year / Fiscal / Fiscal Year / FY | The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year  |
| FIPB                                       | Foreign Investment Promotion Board  |
| FMC  | Forward Market Commission   |
| FOB  | Free on Board   |
| Foreign Portfolio Investor or FPIs         | A foreign portfolio investor, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.  |
| FTA  | The Foreign Trade (Development and Regulation) Act, 1992  |
| FVCI                                       | Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI  |
| GDP  | Gross Domestic Product  |
| GIR Number                                 | General Index Registry Number   |
| GoI/Government                             | Government of India   |
| Hazardous Wastes Rules                     | Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008  |
| HUF(s)                                     | Hindu Undivided Family(ies)   |
| I.T. Act                                   | Income Tax Act, 1961, as amended from time to time  |
| ICAI                                       | Institute of Chartered Accountants of India   |
| ICSI                                       | Institute of Company Secretaries of India   |
| IFRS                                       | International Financial Reporting Standards   |

| Term                          | Description   |
|-------------------------------|---|
| IFSC                          | Indian Financial System Code  |
| Income Tax Act                | Income Tax Act, 1961  |
| Indian GAAP                   | Generally Accepted Accounting Principles in India   |
| INR or Rupee or ₹ or Rs.      | Indian Rupee, the official currency of the Republic of India  |
| Insider Trading Regulations   | The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.  |
| IPO                           | Initial Public Offering   |
| ISIN                          | International Securities Identification Number  |
| ISO                           | International Standards Organization  |
| KMP                           | Key Managerial Personnel  |
| KW                            | Kilo Watt   |
| LIBOR                         | London interbank offered rate   |
| Ltd.                          | Limited   |
| M. A                          | Master of Arts  |
| M. Com.                       | Master of Commerce  |
| M.B.A                         | Master of Business Administration   |
| MAPIN                         | Market Participants and Investors' Integrated Database  |
| Maternity Benefit Act         | Maternity Benefit Act, 1961   |
| MCA                           | The Ministry of Corporate Affairs, GoI  |
| MCI                           | Ministry of Commerce and Industry, GoI  |
| Minimum Wages Act             | Minimum Wages Act, 1948   |
| Mn                            | Million   |
| MoEF                          | Ministry of Environment and Forests   |
| MoF                           | Ministry of Finance, Government of India  |
| MOU                           | Memorandum of Understanding   |
| Mutual Funds                  | Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996   |
| NA                            | Not Applicable  |
| NAV                           | Net asset value   |
| NIFTY                         | National Stock Exchange Sensitive Index   |
| NLEM 2011                     | National List of Essential Medicines – 2011   |
| No.                           | Number  |
| Non-Resident                  | A person resident outside India, as defined under FEMA Regulations  |
| Non-Resident Indian/ NRI      | A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended   |
| Notified Sections             | The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect  |
| NPV                           | Net Present Value   |
| NR/ Non-resident              | A person resident outside India, as defined under the FEMA and includes a Non-resident Indian   |
| NRE Account                   | Non-Resident External Account established and operated in accordance with the FEMA  |
| NRO Account                   | Non-Resident Ordinary Account established and operated in accordance with the FEMA  |
| NSDL                          | National Securities Depository Limited  |
| NSE                           | National Stock Exchange of India Limited  |
| NWR                           | Negotiable Warehouse Receipt  |
| OCB                           | Overseas Corporate Bodies   |
| Overseas Corporate Body / OCB | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000. <b>OCBs are not allowed to invest in this Offer.</b> |
| p.a.                          | per annum   |
| P/E Ratio                     | Price/Earnings Ratio  |
| PAC                           | Persons Acting in Concert   |
| PAN                           | Permanent account number  |
| PAT                           | Profit after tax  |

| <b>Term</b>                        | <b>Description</b>  |
|------------------------------------|---|
| Patents Act                        | Patents Act, 1970   |
| Payment of Bonus Act               | Payment of Bonus Act, 1965  |
| Payment of Gratuity Act            | Payment of Gratuity Act, 1972   |
| PCA Act                            | Prevention of Cruelty to Animals Act, 1960  |
| PIL                                | Public Interest Litigation  |
| PPP                                | Public private partnership  |
| Pvt./(P)                           | Private   |
| QFI(s)                             | Qualified Foreign Investor(s) as defined under the SEBI FPI Regulations   |
| RBI                                | The Reserve Bank of India   |
| RoC or Registrar of Companies      | The Registrar of Companies, Bangalore   |
| ROE                                | Return on Equity  |
| RONW                               | Return on Net Worth   |
| RTGS                               | Real Time Gross Settlement  |
| SCRA                               | Securities Contract (Regulation) Act, 1956, as amended from time to time  |
| SCRR                               | Securities Contracts (Regulation) Rules, 1957, as amended from time to time.  |
| SEBI                               | The Securities and Exchange Board of India constituted under the SEBI Act   |
| SEBI (ICDR) Regulations            | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, including instructions and clarifications issued by SEBI from time to time   |
| SEBI (LODR) Regulations            | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including instructions and clarifications issued by SEBI from time to time  |
| SEBI (Venture Capital) Regulations | Securities and Exchange Board of India (Venture Capital) Regulations, 1996 as amended from time to time.  |
| SEBI Act                           | Securities and Exchange Board of India Act, 1992  |
| SEBI FPI Regulations               | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014  |
| SEBI FVCI Regulations              | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000  |
| SEBI Takeover Regulations          | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.   |
| Sec.                               | Section   |
| SENSEX                             | Bombay Stock Exchange Sensitive Index   |
| SICA                               | Sick Industrial Companies (Special Provisions) Act, 1985  |
| SITP                               | Scheme for integrated textile parks   |
| SME                                | Small and Medium Enterprise   |
| SSI                                | Small Scale Industry  |
| STT                                | Securities Transaction Tax  |
| TPH                                | Tonnes per hour   |
| Trademarks Act                     | The Trademarks Act, 1999  |
| U.S. GAAP                          | Generally Accepted Accounting Principles in the United States of America  |
| U.S. Securities Act                | The United States Securities Act, 1933  |
| US\$ or USD or US Dollar           | United States Dollar, the official currency of the United States of America   |
| USA or U.S. or US                  | United States of America  |
| VCF                                | Venture Capital Funds   |
| VCFs                               | Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be |
| Wages Act                          | Payment of Wages Act, 1936  |
| Workmen's Compensation Act         | Workmen's Compensation Act, 1923  |

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

### Certain Conventions

In this Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Shanthala FMCG Products Limited” and “SHANTHALA”, unless the context otherwise indicates or implies, refers to Shanthala FMCG Products Limited. All references in this Prospectus to “India” are to the Republic of India. All references in this Prospectus to the “U.S.”, “USA” or “United States” are to the United States of America.

### Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from our audited financial years ended March 31, 2023, 2022 and 2021 and for the period ended August 31, 2023, prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with the SEBI (ICDR) Regulations which are included in this Prospectus, and set out in ‘Financial Statements’ on page 114. Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular financial year are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

There are significant differences between the Indian GAAP, the International Financial Reporting Standards (the “IFRS”) and the Generally Accepted Accounting Principles in the United States of America (the “U.S. GAAP”). Accordingly, the degree to which the financial statements included in this 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, the Indian GAAP, the Companies Act and the SEBI (ICDR) Regulations on the financial disclosures presented in this Prospectus should accordingly be limited. We have not attempted to quantify the impact of the IFRS or the U.S. GAAP on the financial data included in this Prospectus, nor do we provide a reconciliation of our financial statements to those under the U.S. GAAP or the IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

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

### Currency and units of presentation

In this Prospectus, unless the context otherwise requires, all references to (a) ‘Rupees’ or ‘₹’ or ‘Rs.’ or ‘INR’ are to Indian rupees, the official currency of the Republic of India; (b) ‘US Dollars’ or ‘US\$’ or ‘USD’ or ‘\$’ are to United States Dollars, the official currency of the United States of America. All references to the word ‘Lakh’ or ‘Lac’ or ‘Lacs’, means ‘One hundred thousand’ and the word ‘Million’ means ‘Ten lakh’ and the word ‘Crore’ means ‘Ten Million’ and the word ‘Billion’ means ‘One thousand Million’. Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Prospectus, unless otherwise indicated, have been calculated based on our Restated Financial Statement.

### Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained or derived from internal Company reports and industry and government publications, publicly available information and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although, our Company believes that industry data used in this Prospectus is reliable, it has not been independently verified. Further, the extent to which the industry and market data presented in this Prospectus is meaningful depends on the reader’s familiarity with and understanding of, the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus that are not statements of historical facts constitute ‘forward-looking statements. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals, and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our 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.

These forward-looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- general economic and business conditions in the markets in which we operate and in the local, regional, and national and international economies;
- our ability to successfully implement strategy, growth and expansion plans and technological initiatives;
- our ability to respond to technological changes;
- our ability to attract and retain qualified personnel;
- the effect of wage pressures, hiring patterns and the time required to train and productively utilize new employees;
- general social and political conditions in India which have an impact on our business activities or investments;
- potential mergers, acquisitions restructurings and increased competition;
- occurrences of natural disasters or calamities affecting the areas in which we have operations;
- market fluctuations and industry dynamics beyond our control;
- changes in the competition landscape;
- our ability to finance our business growth and obtain financing on favourable terms;
- our ability to manage our growth effectively;
- our ability to compete effectively, particularly in new markets and businesses;
- changes in laws and regulations relating to the industry in which we operate changes in government policies and regulatory actions that apply to or affect our business;
- developments affecting the Indian economy; and
- Inability to meet our obligations, including repayment, financial and other covenants under our debt financing arrangements.

For a further discussion of factors that could cause our current plans and expectations and actual results to differ, please refer “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on page 18, 80 and 138 respectively.

Forward looking statements reflects views as of the date of this Prospectus and not a guarantee of future performance. 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 future gains or losses could materially differ from those that have been estimated. Neither our Company / our Directors nor the Lead Manager, nor any of its 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 SEBI requirements, our Company and the Lead Manager will ensure that investors in India are informed of material developments until such time as the listing and trading permission is granted by the Stock Exchange.

## SECTION II - SUMMARY OF THE OFFER DOCUMENT

### A. Summary of Business & Industry:

#### *Summary of Business:*

We were operating our distributorship business through two proprietary firms viz. M/s. Shanthala Enterprises – Prop. Mrs. Sharada Malya and M/s. Shanthala Traders – Prop. B. Manjunath.

M/s. Shanthala Traders – Prop. B. Manjunath, was started in 1996 as a proprietorship firm, committed to provide its customers with quality products in a time bound manner. We have incorporated Shanthala Traders Private Limited in 2014 and transferred entire business of M/s. Shanthala Traders, proprietary concern to the Company and business of M/s. Shanthala Traders, proprietary concern was discontinued. The Company strives to bring the best global products to its customers by providing last mile connectivity to large consumer product companies.

M/s. Shanthala Enterprises– Prop. Mrs. Sharada Malya is still existing as on the date and carries on distribution business in different geography viz. Kusal Nagar. For further details of our conflict with M/s. Shanthala Enterprises, please refer to Risk Factor no. 13 under Risk Factors section on page 18, “Common Pursuits” and “Entities forming part of Promoter group” section under Our Promoters Chapter beginning on page 106 and Our Group Entities Chapter under Section “Common Pursuits” beginning on page 109 of this Prospectus.

We are a FMCG product distributor for the large size FMCG Companies in India. We distribute Branded packaged foods, Personal care products, Education & Stationery products, Matches & Agarbatti and tobacco products.

We are also distributors for one of the largest FMCG MNC Company in India. We distribute branded Beauty & wellbeing, Nutrition, Personal care & Home care products for them.

We also distribute Oil, Sugar and Atta for M. K. Agrotech Pvt. Ltd. sold under their brand name Sunpure.

At present our area of operation is in the district of Coorg, Karnataka where customers are scattered across large area which makes it a difficult market to service for new entrants and it has been home for Shanthala and promoters for more than 20 years. As we have been catering to this place since our inception, we have a deeper understanding of our customers’ needs which makes us indispensable to large consumer companies.

We distribute following category of products for some of the large FMCG Companies:

| <b>ITC</b>             | <b>M K Agrotech</b> | <b>Hindustan Unilever</b>   |
|------------------------|---------------------|-----------------------------|
| Tobacco products       | Edible Oil          | Beauty & Wellbeing products |
| Food products          | Food products       | Nutritional products        |
| Personal care products | -                   | Personal care products      |
| Home care products     | -                   | Home care products          |
| Matches & Agarbatti    | -                   | -                           |

#### *Summary of Industry:*

### INDIAN ECONOMY OVERVIEW

<https://www.ibef.org/economy/indian-economy-overview>

### INTRODUCTION

Strong economic growth in the first quarter of FY 2022-23 helped India overcome the UK to become the fifth-largest economy after it recovered from repeated waves of COVID-19 pandemic shock. Real GDP in the first quarter of 2022–23 is currently about 4% higher than its corresponding 2019-20, indicating a strong start for India's recovery from the pandemic. Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022–2023. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.



Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-September 2022. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.



India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

## FMCG INDUSTRY

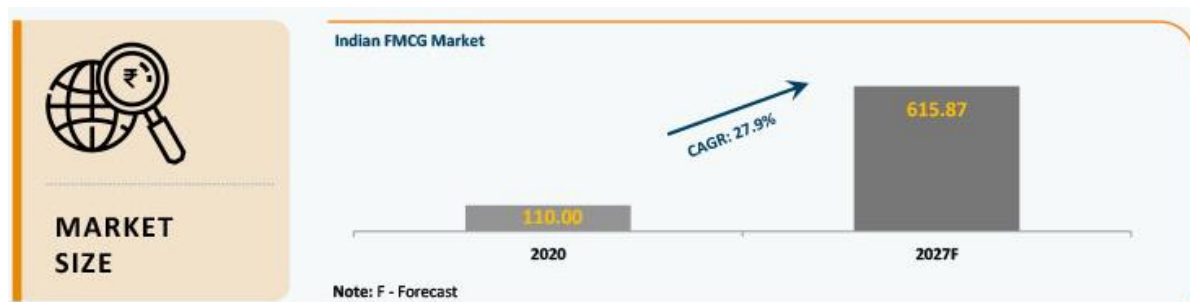
(Source: <https://www.ibef.org/industry/fmcbg>)

## INTRODUCTION

The FMCG sector in India expanded due to consumer-driven growth and higher product prices, especially for essential goods. FMCG sector provides employment to around 3 million people accounting for approximately 5% of the total factory employment in India. FMCG sales in the country was expected to grow 7-9% by revenues in 2022-23. The key growth drivers for the sector includes favourable Government initiatives & policies, growing rural market and youth population, new branded products, and growth of e-commerce platforms. Resilience needs to be the key factor in the manufacturing process, daily operations, retail and logistic channels, consumer insights and communication that will help FMCG companies to withstand the test of time and create more value for consumers in the long run.

Fast-moving consumer goods (FMCG) sector is India's fourth-largest sector and has been expanding at a healthy rate over the years as a result of rising disposable income, a rising youth population, and rising brand awareness among consumers. With household and personal care accounting for 50% of FMCG sales in India, the industry is an important contributor to India's GDP.

## MARKET SIZE



FMCG market reached US\$ 56.8 billion as of December 2022. Total revenue of FMCG market is expected to grow at a CAGR of 27.9% through 2021 to 2027, reaching nearly US\$ 615.87 billion. In 2022, urban segment contributed 65% whereas rural India contributed more than 35% to the overall annual FMCG sales. Good harvest, government spending expected to aid rural demand recovery in FY24. The sector had grown 8.5% in revenues and 2.5% in volumes last fiscal year. In the January-June period of 2022, the sector witnessed value growth of about 8.4% on account of price hikes due to inflationary pressures. In Q2, CY22, the FMCG sector clocked a value growth of 10.9% Y-o-Y — higher than the 6% Y-o-Y value growth seen in Q1.

Indian food processing market size reached US\$ 307.2 trillion in 2022 and is expected to reach US\$ 547.3 trillion by 2028, exhibiting a growth rate (CAGR) of 9.5% during 2023-2028.

Digital advertising will grow at 14.75% CAGR to reach Rs. 35,809 crore (US\$ 4.3 billion) by 2023, with FMCG industry being the biggest contributor at 42% share of the total digital spend.

India includes 780 million internet users, where an average Indian person spends around 7.3 hours per day on their smartphone, one of the highest in the world. Number of active internet users in India will increase to 900 million by 2025 from 622 million in 2020. In 2021, India's consumer spending was US\$ 1,891.90 billion. Indian villages, which contribute more than 35% to overall annual FMCG sales, are crucial for overall revival of the sector. E-commerce now accounts for 17% of the overall FMCG consumption among evolved buyers, who are affluent and make average spends of about Rs. 5,620 (US\$ 68).

India's e-commerce industry recorded a 36.8% year-on-year growth in 2022. Indian e-commerce market is anticipated to reach a value of Rs. 26,459.18 billion (US\$ 319.3 trillion) by the end of 2027, expanding at a CAGR of ~26.71% during the 2022 - 2027 period. The market has grown exponentially over the past five years due to the surge in internet and smartphone users, improved policy reforms, and increase in disposable income. Mobile wallets, Internet banking, and debit/credit cards have become popular among customers for making transactions on e-commerce platforms. As of 2021, there were 1.2 million daily e-commerce transactions. The total value of digital transactions stood at US\$ 300 billion in 2021 and is projected to reach US\$ 1 trillion by 2026.

The India online grocery market size has been projected to grow from US\$ 4,540 million in 2022 to US\$ 76,761.0 million by 2032, at a CAGR of 32.7% through 2032.

### B. Promoters:

B. Manjunath Mallya, Shobitha Malya, Sneha Vinayak Kudva and Yogish Mallya are the Promoters of our Company.

### C. Offer Size:

This is Initial public offering of up to 17,66,400 equity shares of ₹10 each of the Company for cash at a price of ₹ 91 per equity share (including share premium of ₹ 81 per equity share), aggregating to ₹ 1,607.42 lakhs.

**D. Objects of the Offer:**

The proposed utilisation of the Net Proceeds from fresh issue is set forth below:

| S. No. | Object  | Amount Proposed to be Utilised from the Net Proceeds (₹ in lakhs) |
|--------|---|---|
| 1.     | Funding additional working capital requirements | 1,150.00  |
| 2.     | General Corporate Purposes                      | 400.00  |
|        | <b>Total</b>                                    | <b>1,550.00</b>   |

**E. Pre-Offer Shareholding of Promoters, Promoter Group:**

| Sr. | Particulars                | Pre-Offer        |               | Post-Offer       |               |
|-----|----------------------------|------------------|---------------|------------------|---------------|
|     |                            | No. of Shares    | % Holding     | No. of Shares    | % Holding     |
| a)  | <b>Promoters</b>           |                  |               |                  |               |
|     | B. Manjunath Mallya        | 17,62,200        | 35.732        | 17,62,200        | 26.309        |
|     | Shobitha Malya             | 80,000           | 1.622         | 80,000           | 1.194         |
|     | Yogish Mallya              | 7,83,200         | 15.881        | 7,83,200         | 11.693        |
|     | Sneha Vinayak Kudva        | 11,91,400        | 24.158        | 11,91,400        | 17.787        |
|     | <b>Total - A</b>           | <b>38,16,800</b> | <b>77.394</b> | <b>38,16,800</b> | <b>56.984</b> |
| b)  | <b>Promoter Group</b>      |                  |               |                  |               |
|     | Vinayak Gopalkrishna Kudva | 800              | 0.016         | 800              | 0.012         |
|     | Santosh Gopalkrishna Kudva | 800              | 0.016         | 800              | 0.012         |
|     | Smita Subramanyam Kudva    | 800              | 0.016         | 800              | 0.012         |
|     | <b>Total - B</b>           | <b>2,400</b>     | <b>0.049</b>  | <b>2,400</b>     | <b>0.036</b>  |
|     | <b>Grand Total (A+B)</b>   | <b>38,19,200</b> | <b>77.442</b> | <b>38,19,200</b> | <b>57.019</b> |

**F. Summary of Financial Information:**

(₹ in lakhs, except for percentage)

| Particulars                          | 31.08.2023 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--------------------------------------|------------|-------------|-------------|-------------|
| Total Revenue                        | 1,585.58   | 4,077.25    | 3,254.57    | 3,955.67    |
| EBITDA <sup>(1)</sup>                | 30.42      | 68.95       | 47.99       | 65.46       |
| EBITDA margin (%) <sup>(2)</sup>     | 1.92       | 1.69        | 1.47        | 1.65        |
| PAT                                  | 10.15      | 17.73       | 4.52        | 14.41       |
| PAT Margin (%)                       | 0.64       | 0.43        | 0.14        | 0.36        |
| Net Debt <sup>(3)</sup>              | 104.56     | 263.99      | 358.56      | 356.93      |
| Total Equity                         | 493.17     | 50.00       | 50.00       | 50.00       |
| Networth                             | 549.32     | 143.22      | 125.49      | 120.97      |
| RONW (%) <sup>(4)</sup>              | 1.85       | 12.38       | 3.60        | 11.91       |
| EPS (Basic & Diluted) <sup>(5)</sup> | 1.06       | 3.55        | 0.90        | 2.88        |

Our Annual Reports and financial statements are also available on our website at: [www.Shanthalafmcg.com](http://www.Shanthalafmcg.com).

**G. Auditor qualifications which have not been given effect to in the Restated Financial Information:**

There are no auditor qualifications which would require adjustments in the Restated Financial Information and for which no such effect has been given.

**H. Summary of Outstanding Litigations:**

For further details regarding the same, please refer to the chapter titled ‘Outstanding Litigations and Material Developments’ beginning on page 149 of the Prospectus.

**I. Risk Factors:**

Please see ‘Risk Factors’ beginning on page 18.

**J. Summary of Contingent Liabilities of our Company:**

We do not have any contingent liabilities as on August 31, 2023.

**K. Summary of Related Party Transactions:**

For further details please refer “Annexure V- Related Party Transaction” on page 135, under the section titled “Financial Information” beginning on page 114 of this Prospectus.

| (Rs. Lakhs)               |                                |          |          |          |          |
|---------------------------|--------------------------------|----------|----------|----------|----------|
| Name of the related party | Nature of Transaction          | 31.08.23 | 31.03.23 | 31.03.22 | 31.03.21 |
| B. Manjunath Mallya       | Director Remuneration          | 7.50     | 18.00    | 18.00    | 18.00    |
| Shobitha Malya            | Director Remuneration          | 3.75     | 9.00     | 9.00     | 9.00     |
|                           |                                |          |          |          |          |
| B. Manjunath Mallya       | Unsecured Loan taken           | 0.00     | 78.80    | 29.65    | 55.00    |
|                           | Unsecured Loan repaid          | 6.60     | 87.70    | 55.50    | 60.60    |
|                           | Unsecured Loan o/s at year end | 12.87    | 19.47    | 28.37    | 54.22    |
|                           |                                |          |          |          |          |
| Shanthala Enterprises     | Unsecured Loan taken           | 0.00     | 112.50   | 40.90    | 0.00     |
|                           | Unsecured Loan repaid / given  | 0.00     | 68.85    | 84.55    | 0.00     |
|                           | Unsecured Loan o/s at year end | 0.00     | 0.00     | 43.65 Dr | 0.00     |
|                           | Sales of Goods                 | 0.00     | 0.00     | 0.00     | 10.78    |
|                           |                                |          |          |          |          |
| Shwetha Kudva             | Unsecured Loan taken           | Nil      | Nil      | Nil      | Nil      |
|                           | Unsecured Loan repaid          | Nil      | Nil      | Nil      | Nil      |
|                           | Interest Paid                  | 1.00     | 2.40     | 2.16     | 2.40     |
|                           | Unsecured Loan o/s at year end | 20.00    | 20.00    | 20.00    | 20.00    |
|                           |                                |          |          |          |          |
| Vinayak Kudva             | Unsecured Loan taken           | Nil      | 40.00    | 0.00     | 0.00     |
|                           | Unsecured Loan repaid          | Nil      | 40.00    | 0.00     | 0.00     |
|                           | Unsecured Loan o/s at year end | Nil      | Nil      | Nil      | 0.00     |
|                           |                                |          |          |          |          |
| B. Manjunath Mallya       | Rent paid                      | 1.00     | 2.40     | 2.40     | 2.40     |
|                           | Amount o/s at year end         | Nil      | Nil      | 1.14     | 0.00     |
|                           | Security Deposits given        | 16.57    | 16.57    | 16.57    | 16.57    |

**L. Financing Arrangements:**

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 months immediately preceding the date of the Prospectus.

**M. Weighted Average Price of the Equity Shares acquired by the Promoter in the last one year preceding the date of this Prospectus:**

Other than as mentioned below, the Promoters have not acquired any Equity Shares in the last one year preceding the date of this Prospectus:

| Name of the Promoter | No. of Shares | Average cost of acquisition (in ₹) |
|----------------------|---------------|------------------------------------|
| B. Manjunath Mallya  | 15,41,925     | 0.00*                              |
| Shobitha Malya       | 70,000        | 0.00*                              |
| Sneha Vinayak Kudva  | 11,91,400     | 0.00**                             |
| Yogish Mallya        | 7,83,200      | 0.00*                              |

\* Bonus Issue

\*\*cost of acquisition of 11,91,400 equity shares is NIL as the shares acquired are gifted and/or are bonus shares.

For further details please refer to chapter titled “Capital Structure” on page 45.

**N. Average cost of acquisition of shares for promoter:**

| Name of the Promoter | Average cost of acquisition (in ₹) |
|----------------------|------------------------------------|
| B. Manjunath Mallya  | 2.77                               |
| Shobitha Malya       | 1.25                               |
| Sneha Vinayak Kudva  | 0.00*                              |
| Yogish Mallya        | 0.00*                              |

\*Cost of acquisition of equity shares is NIL as the shares acquired are gifted and/or are bonus shares.

For further details please refer to chapter titled “Capital Structure” on page 45.

**O. Pre-IPO Placement:**

The Company does not intend to undertake Pre-IPO Placement in the Offer.

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

Other than as mentioned below, our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Prospectus:

| Date of Allotment | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Nature / Reason of Allotment    | Nature of Consideration |
|-------------------|----------------------|----------------|-----------------|---------------------------------|-------------------------|
| July 18, 2023     | 43,15,206            | 10             | Nil             | Bonus Issue in the ratio of 7:1 | Nil                     |

**Q. Split / Consolidation of Equity Shares in the last one year**

There was no split / consolidation of the Equity Shares of our Company since incorporation, except as disclosed below:

1 equity share of Rs. 100 face value each was split into 10 equity shares of Rs. 10 face value each as per the Ordinary Resolution passed by members of company at the EGM held on March 27, 2023.

**R. EXEMPTION FROM COMPLYING WITH ANY PROVISIONS OF SECURITIES LAWS, IF ANY, GRANTED BY SEBI**

Our company has not applied or received any exemption from complying with any provisions of securities laws by SEBI.

### SECTION III - RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties summarised below, before making an investment in our Equity Shares. The risks described below are relevant to, the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on page 80 and 138 respectively, of this Prospectus as well as the other financial and statistical information contained in this Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in 'Financial Statements' on page 114 of this Prospectus. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP, as restated.*

*If any one or more of the following risks as well as other risks and uncertainties discussed in this Prospectus were to occur, our business, financial condition and results of our operation could suffer material adverse effects, and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of your investment.*

*This Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in this Prospectus.*

*These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.*

#### **Materiality**

*The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.*

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

#### **INTERNAL RISKS**

1. ***There are certain outstanding legal proceeding involving our Promoter and Promoter Entities which may adversely affect our business, financial condition and results of operations.***

There are certain proceedings pending at different levels of adjudication before various authorities, enquiry officers and appellate forums. Such proceedings could divert management time, attention and consume financial resources in their defense. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations. A summary of the outstanding proceedings against our Promoters, Company and Group Companies as disclosed in this Prospectus, to the extent quantifiable, have been set out below:

| <b>Nature of case</b>                              | <b>Number of cases</b> | <b>Amount involved (in ₹lakhs)</b> |
|--|------------------------|------------------------------------|
| <b><i>Company</i></b>                              |                        |                                    |
| Direct Tax   | Nil                    | Nil                                |
| Indirect Tax                                       | 1                      | 30.46*                             |
| <b><i>Our Promoters</i></b>                        |                        |                                    |
| Direct Tax   | 2                      | 2.63**                             |
| Indirect Tax                                       | Nil                    | Nil                                |
| <b><i>Our Directors (other than Promoters)</i></b> |                        |                                    |
| Direct Tax   | Nil                    | Nil                                |
| Indirect Tax                                       | Nil                    | Nil                                |
| <b><i>Our Group Companies</i></b>                  |                        |                                    |

|              |     |     |
|--------------|-----|-----|
| Direct Tax   | Nil | Nil |
| Indirect Tax | Nil | Nil |

*\*As per Show Cause notice date June 28, 2023 from Assistant Commissioner of Central Tax, Circle – 2, Mysuru Audit Commissionerate for non-reversal of CGST / SGST / Cess for the credit notes received from the suppliers viz. ITC, MTR, PNG, Nestle, Sunpure and for non-reversal of input tax credit on sales returns.*

*\*\*This is the amount of income claimed to have been short disclosed for A. Y. 2017-18 by B. Manjunath accordingly to 1 notice and 1 notice related to Yogish Mallya for which the amount is not ascertainable.*

*The table above does not include those penalties, interests and costs, if any, which may be imposed or which may have been pleaded but not quantified in the course of legal proceedings, or which the Court / Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties / interests / costs are at the discretion of the court / tribunal where the case is pending. Such liability, if any, would crystallize only on the order of the tribunal where the case(s) is / are pending.*

For further details, please refer to section titled "Outstanding Litigation and Material Developments" beginning on page 149 of this Prospectus.

***2. We are in the business of distribution of FMCG products including that of tobacco products which are subject to Stringent health and safety laws and regulations as well as governed by stricter consumption policies, which may affect our company's business and financial position.***

Our operations are subject to stringent health and safety laws as our products are for human consumption and are therefore subject to various industry specific regulations. Further, we may also incur additional costs and liabilities related to compliance with these laws and regulations that are an inherent part of our business. We are subject to various central, state and local food safety, consumer goods, health and safety and other laws and regulations. These relate to various issues, including food safety, food ingredients, and food packaging requirements, and the investigation and remediation of contamination.

Our revenue from sale of tobacco products during period ended August 31, 2023 and FY 2023, FY 2022 and FY 2021 was Rs. 1056.58 Lakhs, Rs. 2529.78 Lakhs, Rs. 1816.35 Lakhs and Rs. 2044.89 Lakhs respectively constituting 67.12%, 64.38%, 56.31% and 50.47% of our Revenue from operations during above period. Apart from the food safety and other regulations, tobacco products are subject to further stricter regulations like age restriction for consumption of tobacco products, restriction on advertisement, restriction of sale of tobacco products in certain places near school etc. Due to these restrictions our business may be affected and will also lead to poor financial performance which may affect our revenues and profitability.

***3. We distribute products manufactured by third party manufacturers or suppliers. Hence, we have to rely on third parties for procuring the products sold by our Company. If these manufacturers or suppliers are unable or unwilling to manufacture the products distributed by us, or if these organizations fail to comply with FDA or other applicable regulations or otherwise fail to meet our requirements, our business will be adversely affected.***

Our Company is engaged in the marketing and distribution of FMCG products. We procure our products manufactured by third party manufacturers or suppliers. Hence, we have to rely on third parties for procuring the products sold by our Company. Our Company has no formal supply agreement or contract with our suppliers for the uninterrupted supply of traded or marketed products. There can be no assurance that such parties shall continuously provide their products to us or would not supply to our competitors. In the event of any disruption in the supply or the non-availability of products, the purchase and distribution schedule may be adversely affected impacting the sales and profitability of the Company.

Furthermore, the manufacturing facilities and processes used by our suppliers must be approved by the FDA or other regulatory norms and their respective regulators, where applicable, before the products manufactured by such supplier can be sold. After approval, suppliers must meet certain ongoing regulatory requirements for commercially marketing of products. We do not control the manufacturing processes of our suppliers and depend on them to comply with regulatory approval. If approval for a supplier is not received or ongoing testing does not continue to meet approved standards and approval is withdrawn, the supplier's production would be delayed or suspended, which could adversely affect our distribution efforts. In the event that any of our suppliers were unable or unwilling to continue to provide the products in our required volumes, we would need to identify and obtain acceptable replacement sources on a timely basis. There is no guarantee that we would be able to obtain such alternative sources of supply on a timely basis or at all, could have a material adverse effect on our sales and in turn results of operations.

**4. *We have not entered into long-term contracts with our customers and typically operate on the basis of purchase orders, which could adversely impact our revenues and profitability.***

We generate sales generally by our continuing relationships with our customers as we do not enter in any long-term contract with our customers. Our existing client relationships help us to get repeat business from our customers. This has helped us maintain a long term working relationship with our customers and improve our customer retention strategy. Through these efforts, we aim to become the “first choice vendor” for all large and small retail stores which intend to procure products and services we offer. We combine our expertise with an understanding of the FMCG market gained through market feedback and extensive interaction with various customers. We constantly try to address customer needs with a variety of products. Although we believe that we have satisfactory business relations with our customers and have received continued business from them in the past, there is no certainty that the same will continue in the years to come and may affect our profitability.

However, any change in the buying pattern of our end users or disassociation of major customers can adversely affect our business. The loss of or interruption of work by, a significant customer or a number of significant customers or the inability to procure new orders on a regular basis or at all may have an adverse effect on our revenues, cash flows and operations.

**5. *Our operations are subject to high working capital requirements. Our inability to maintain an optimal level of working capital required for our business may impact our operations adversely.***

Our business requires significant amount of working capital and major portion of our working capital is utilized towards debtors and inventories and purchase of goods almost on cash basis from our suppliers. Our, Trade Receivables for the period ended March 31, 2023, March 31, 2022 and March 31, 2021 were ₹ 99.85 lakhs, ₹ 75.50 lakhs and ₹ 171.37 lakhs respectively and our inventories for the period ended March 31, 2023, March 31, 2022 and March 31, 2021 were ₹ 107.50 lakhs, ₹ 111.04 lakhs and ₹ 79.08 lakhs respectively.

The results of operations of our business are dependent on our ability to effectively manage our inventory and trade receivables. Our Sales is more or less in sync with the credit period we offer to our customers, so if we offer higher credit period, we can push more sales to our customers who are mostly retail stores who themselves have limitations on investment in business. To effectively manage our trade receivables, we must be able to accurately evaluate the credit worthiness of our customers and ensure that suitable terms and conditions are given to them in order to ensure our continued relationship with them. However, if our management fails to accurately evaluate the terms and conditions with our customers, it may lead to write-offs bad debts and/ or delay in recoveries which could lead to a liquidity crunch, thereby adversely affecting our business and results of operations. A liquidity crunch may also result in increased working capital borrowings and, consequently, higher finance cost which will adversely impact our profitability.

We also need to maintain inventory levels at certain levels and increase it further to achieve growth in turnover. Optimum level of inventory will help our customers to purchase from us at short notice and accordingly they can do higher business by making less investment and higher inventory turnover. Sometimes these inventory may become obsolete or may be out of demand, which may lead to slow moving inventory at our end and that in turn will lead to higher investments by us.

Our inability to maintain sufficient cash flow, credit facility and other sourcing of funding, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. In the event we are not able to recover our dues from our trade receivables or sell our inventory, we may not be able to maintain our Sales level and thus adversely affecting our financial health.

**6. *We are engaged in distribution of FMCG products manufactured and / or marketed by FMCG Companies. Our Operating Cost comprises of Cost of goods sold, Employee cost and Other operating expenses, any fluctuations in Operating Cost may have impact on the Company's business as well as financial performance.***

Our operating cost comprises of cost of goods sold, employee cost and other operating expenses. Further, for the period ended August 31, 2023 and for the FY 2023, 2022 and 2021, our operating cost amounted to ₹ 1555.16 lakhs, ₹ 4008.30 lakhs, ₹ 3206.58 lakhs, and ₹ 3890.21 lakhs, respectively, representing 98.08%, 98.31%, 98.53 and 98.35%, respectively of our total revenues. Cost of goods sold is major portion of our operating cost and that is relating to purchase price of various FMCG products. Though, the period between procurement of products and its distribution is short and therefore the chances of any substantial change in the sales price of the final product are less but there may be possibility that our operating cost may at times be volatile due to fluctuations in cost of goods sold or employee cost or any other operating cost. Any volatility in our operating cost will directly affect our financial position and in turn our profitability.



**7. *Our Promoter and Managing Director, B. Manjunath Mallya plays key role in our functioning and we heavily rely on his knowledge and experience in operating our business and therefore, it is critical for our business that our Promoter remain associated with us. Our success also depends on our key managerial personnel and our ability to attract and retain them. Any loss of our key person could adversely affect our business, operations and financial condition.***

The success of our business operations is attributable to our Promoter and Directors and the key managerial team. We believe that our relation with our Promoter, who has rich experience in managing customers, estimating demand scenario and handling overall businesses, has enabled us to experience growth and profitability. Our Promoter, B. Manjunath Mallya has industry experience of more than 20 years. He has been actively involved in the day-to-day operations and management since the incorporation of the Company. If our promoters divert their attention to the other companies, we may not be able to function as efficiently and profitably as before. We may have to incur additional costs to replace the services of our Promoter or we may not be able to do so at all, which could adversely affect our business operations and affect our ability to continue to manage and expand our business. The loss of service of the Promoter and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. If we are unable to retain qualified employees at a reasonable cost, we may be unable to execute our growth strategy. For further details of our Directors and key managerial personnel, please refer to Section “Our Management” on page 103 of this Prospectus.

**8. *Substantial portion of our revenues has been dependent upon limited number of customers.***

Revenue from our top 10 customers constituted 12.77 %, 13.68 %, 18.91 % and 11.55 % of our Total Revenue for the period ended August 31, 2023 and for the year ending March 31, 2023, March 31, 2022 and March 31, 2021 respectively. We do not have firm commitment or supply agreements with most of our customers and instead rely on purchase orders to govern the volume and other terms of our sales of products. The loss of any significant client would have a material effect on our financial results. We cannot assure you that we can maintain the historical levels of business from these clients or that we will be able to replace these clients in case we lose any of them. While we are constantly striving to increase our customer base and reduce dependence on any particular customer, there is no assurance that we will be able to broaden our customer base in any future periods or that our business or results of operations will not be adversely affected by a reduction in demand or cessation of our relationship with any of our major customers.

**9. *We are dependent upon few suppliers for the material requirements of our business. Further, we do not have definitive agreements or fixed terms of trade with most of our suppliers. Failure to successfully leverage our relationships with existing suppliers or to identify new suppliers could adversely affect our business operations.***

There were 2 suppliers during period ended August 31, 2023, which represented 100% of our Purchases. Further there were 4 suppliers during FY 2023, which represented 100% of our Purchases and 3 suppliers during FY 2022 represented 100% of Purchases and 5 suppliers during FY 2021 represented 100% of Purchases.

In our industry, generally there are no definitive agreements with the suppliers of the products we sell. We also do not have any long-term supply agreements with our suppliers or distributors and we procure our products on a purchase order basis. Since there are no fixed terms of trade, the discounts and schemes for our customers are decided based on the negotiation skills of the procurement team. If we are unable to continue to procure supplies at competitive prices, our margins and business will be adversely affected.

Any problems faced by our supplier resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer’s requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers. If we fail to successfully leverage our existing and new relationships with suppliers, our business and financial performance could be adversely affected.

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

Our business operations require us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which may expire and for which we may have to make an application for obtaining the approval or its renewal. However, as on the date of filing of the Prospectus, there are no such applications which we need to made and/ or pending. If we fail to maintain such registrations and licenses or comply with applicable conditions, or a

regulatory authority claims we have not complied, with these conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity. This could materially and adversely affect our business, financial condition, and results of operations. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. For more information about the licenses required in our business and the licenses and approvals applied for, please refer “Government and Other Approvals” on page 152 of this Prospectus, respectively.

***11. Because we operate in a highly competitive industry, our revenues, profits or market share could be harmed if we are unable to compete effectively.***

The segments of the industry in which we operate are subject to intense competition. Our principal competitors are other distributors of same manufacturers or suppliers for whom we are working as distributors as well as manufacturer and suppliers of the similar products we market or distribute, including other major manufacturers with well established and recognized brands. We also compete against large retail store chains and online platforms, who source their products directly from the manufacturers.

We compete primarily on brand name recognition and reputation, customer satisfaction, quality of service etc. Some of our competitors are larger than we are in terms of size of operations and our competitors may also have greater financial and marketing resources than we do, which could allow them to offer better credit terms and improve their marketing efforts in ways that could affect our ability to compete, hold large amount of inventories to offer just in time delivery and reduce working capital requirements of customers. If we are unable to compete successfully, our revenues or profits may decline or our ability to maintain or increase our market share may be diminished.

***12. We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of deficiency in the products we offer, which in turn could adversely affect the value of our goodwill, and our sales could be diminished if we are associated with negative publicity.***

Any deficiency in the FMCG products marketed and distributed by us could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our goodwill, and our sales could be diminished if we are associated with negative publicity. Also, our business is dependent on the trust our customers have in the quality of products distributed by us. Any negative publicity regarding our company, our suppliers, their brand, or products, including any mishaps resulting from the use of these products, or any other unforeseen events could affect our reputation and our results from operations.

***13. Our Promoter Group Entities have objects similar to our Company. There are no non- compete agreements between our Company and such Promoter Group Entities. We cannot assure that our Promoter will not favor the interests of such entity over our interest or that the said entities will not expand which may increase our competition and may adversely affect business operations and financial condition of our Company.***

Our Promoter Group Entity namely, M/s. Shanthala Enterprises have objects similar to our Company. We have not entered into any non-compete agreement with the said entities. We cannot assure that our Promoter/ Promoter Group who has common interest in said entities will not favour the interest of the said entity. As a result, conflicts of interests can arise on account of common suppliers/ customers and in allocating business opportunities amongst our Company and our Promoter Group entity in circumstances where our respective interests diverge. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition which may adversely affect our profitability and results of operations.

***14. We are subject to risks arising from interest rate fluctuations, which could adversely affect our results of operations, planned expenditures and cash flows.***

As of August 31, 2023, a part of our indebtedness was at floating interest rates. If the interest rates of our existing or future borrowings increase significantly, our cost of funds will increase. A further increase in interest rates (or the current high interest rate environment not changing) may have an adverse effect on our results of operations and financial condition. While we could consider refinancing the loan or hedging interest rate risks in appropriate cases, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks. Further, if such arrangements do not protect us adequately against interest rate risks, they would result in higher costs.

**15. We have referred to the data derived from industry and government publications, publicly available information, and sources.**

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained or derived from industry and government publications, publicly available information, and sources. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Although, our Company believes that industry data used in this Prospectus is reliable, it has not been independently verified. Further, the extent to which the industry and market data presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of, the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

**16. Our business is geographically located in one area, Coorg district, Karnataka. Any loss or shutdown of operations at any of our facilities in this area may have an adverse effect on our business and results of operations.**

Majority of our business is based in Coorg district, Karnataka. This concentration of our business in this Region, subjects us to various risks, including but not limited to the following risks:

- regional natural disasters;
- vulnerability to change of policies, laws and regulations or the political and economic environment of the region we operate in;
- constraints on our ability to diversify across states;
- perception by our potential customers, that we are a regional player, which hampers us from competing against other large companies of a national level.

Further, any political disruptions, natural calamities or civil disruptions, opposition and protests, particularly in locations where we operate, could adversely affect our business operations or strategy. There is no assurance that such disruption in business operations would not bring any hindrance in the functioning of our Company. Consequently, our business, results of operations, cash flows and financial condition have been and will continue to be heavily dependent on the performance of, and the prevailing conditions affecting the advertising and marketing industry and overall economy in Coorg district and Karnataka.

**17. We depend on third parties for our transportation needs, any disruptions in their services, may adversely affect our operations.**

We do not have full-fledged in-house transportation facility and we depends on third party transportation service providers at every stage of our business activity including for procurement of products from our vendors or distributors and for transportation from our warehouse to various stores. For this purpose, we hire third party services of transportation. However, we have not entered into any definitive agreements with any third party transport service providers and engage them on a needs basis only.

Our operations and profitability are dependent upon the availability of transportation and other logistic facilities in a timely and cost efficient manner. Accordingly, our business is vulnerable to increased transportation costs including as a result of increase in fuel costs, transportation strikes, delays, damage or losses of goods in transit and disruption of transportation services because of weather related problems, strikes, lock-outs, accidents, inadequacies in road infrastructure or other events could impair our ability to supply our products to our customers. Any such disruptions could adversely affect our operations.

**18. We store our inventory in godowns from which we operate, though we take utmost care in maintaining them but there may be chances of spoilage of products due to weather conditions or infections etc.**

We store our inventory in godowns taken by us on lease basis. For further details of our godowns and terms of lease please refer to the section titled "Our Business" on pages 80 of the Prospectus.

Though the godowns taken on lease by us are in the best of the conditions and meet with the requirements of distributors to store their products. We as well as distributors also do regular inspections to check the conditions of our storages. Though in the past there is no incidences of product contamination due to weather conditions, infections etc. but we can not assure you that we may not face that situation in future and in case any such damages happen then there will be material adverse

effect on our business, results of operations and financial condition which may adversely affect our profitability and results of operations.

***19. There have been several instances of delay in filing of statutory returns by our Company in the past.***

There have been several instances of delay in filing of GST returns by our Company in the past which were not material in nature and the same were regularised subsequently by payments and filing of return with interest and penalty. Though these delays have been regularised, we cannot assure you that there will be no default or delay in future in payment of such statutory dues. Further, we cannot assure that we will not be subject to any legal proceeding or regulatory actions, including monetary penalties by respective statutory authorities on account of such delay in filing of returns, which may adversely affect our business, financial condition, and reputation.

***20. There are certain comments made by our then Statutory Auditors in their Auditors Report for FY 2020-21 about maintenance of records of the fixed assets during FY 2021 by our Company.***

Our auditors have made remarks relating to physical verification of fixed assets and maintenance of records of the fixed assets during FY 2021. Although, the auditor on verification of the assets and records have confirmed during FY 2022 and FY 2023 that our company has maintained proper records and there are no negative remarks made during those years. However, we cannot assure you that there will be no such event in future. If there will be any such comments in future, we feel that the same will affect our credibility and accordingly our prospective investors and lenders may view it seriously and may stay away from associating with our Company. Further, not recording any fixed assets and/ or not maintaining proper records of our fixed assets, could materially and adversely affect our business, financial condition and results of operations.

***21. Our inability to manage growth could disrupt our business and reduce our profitability.***

A principal component of our strategy is to continue to grow by expanding the size and geographical scope of our businesses. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial, and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values, and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition, and adversely affect our results of operations.

***22. We have not made any alternate arrangements for meeting our capital requirements for the Objects of the Offer. Further we have not identified any alternate source of financing the ‘Objects of the Offer’. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations, and financial performance.***

As on date, we have not made any alternate arrangements for meeting our capital requirements for the objects of the Offer. We meet our capital requirements through our owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our working capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Offer or any shortfall in the Offer Proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “Objects of the Offer” beginning on page 57 of the Prospectus.

***23. We do not own our Registered Office and godowns from which we operate.***

Our Company’s registered office situated at 7th Block, Gandhinagr Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India is owned by B. Manjunath Mallya - Our Promoter. Apart from registered office, we do not own godowns also which forms important part of our business and the same is taken on lease by us. There can be no assurance that our Company will be able to successfully renew the above leave and license agreement in a timely manner or at all and that we may be continue to use the office/ godowns in case of no formal agreements. Further there can be no assurance that we will not face any disruption of our rights as a licensee and that such leave and license agreement will not be terminated prematurely by the licensor. Any such non-renewal or early termination or any disruption of our rights as licensee may require us to vacate the premises and relocate to a new premises on terms that may not be favourable to us thereby adversely affecting our business, financial conditions and results of operations. If the owner of the premises, revoke this agreement or impose terms and conditions that are unfavorable to us, we may suffer a disruption in our operations or have to pay increased rent, which could have a material adverse effect on our business, prospects, results of operations and financial condition. For

further details of our office premises and terms of lease please refer to the section titled "Our Business" on pages 80 of the Prospectus.

***24. Our results of operations are likely to vary due to cyclical demand for our products and will impact our performance quarter on quarter and may be unpredictable, which could cause the market price of the Equity Shares to be volatile.***

Our results of operations can be impacted by seasonal demand for our products in certain periods of the year and accordingly our financial performance during that period will vary from rest of the year. The main reason for the variation in demand is due to festival season when demand as well as consumption of some of our product surges and accordingly during that period performance of our Company will be better than rest of the year.

Apart from above reason, there are some factors listed below which may not be in our control and will lead to variance in our demand:

- adhering to our high quality and maintaining high levels of customer satisfaction;
- pricing policies introduced by our competitors;
- the timing and nature of, and expenses incurred in, our marketing efforts;
- recruiting, training, and retaining sufficient skilled technical and management personnel;
- developing and improving our internal administrative infrastructure, particularly our financial, operational, communications, and other internal systems;

Also, please refer “Management's Discussion and Analysis of Financial Condition and Results of Operations” on page 138 for details on the factors affecting our financial results. All of these factors, in combination or alone could negatively impact our revenues and may cause significant fluctuations in our results of operations. This variability and unpredictability could materially and adversely affect our results of operations and financial condition.

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

We have entered into related party transactions with our Promoters, Promoter Group, Group Entities and Directors. The related party transactions entered into by the Company till date is in compliance with applicable provisions of Companies Act, 2013 and all other applicable laws. For details of these transactions, please refer "Related Party Transactions" on page 112.

We cannot assure you that we will be able to maintain the terms of such transactions or in the event that we enter future transactions with related parties, that the terms of the transactions will be favourable to us. Additionally, while it is our belief that all our related party transactions have been conducted on an arm's-length basis, we cannot provide assurance that we could have achieved more favourable terms had such transactions been entered with third parties. We may also enter related party transactions in the future, which could involve conflicts of interest, although going forward, all related party transactions that we may enter will be subject to audit committee or board or shareholder approval, as applicable, as under the Companies Act, 2013 and the SEBI (LODR) Regulations. As such, we can provide no assurance that these transactions will not adversely affect our business, results of operation, cash flows and financial condition.

***26. Our funding requirements and deployment of the Offer Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution.***

Our funding requirements and the deployment of the proceeds of the Offer are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the competitive and dynamic nature of our business, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising, or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control.

***27. Our Company's management will have flexibility in utilizing the Net Proceeds. There is no monitoring agency appointed by our Company and the deployment of funds is at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee.***

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. As per SEBI (ICDR) Regulations, 2018, as amended, appointment of monitoring agency is required only for Issue size above ₹ 10,000.00 lakhs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to NSE and shall also simultaneously make the material deviations / adverse comments of the audit committee public. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013.

Further, pursuant to the Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Issue at the fair market value of the Equity Shares as on the date of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Prospectus, in accordance with such terms and conditions as may be specified on this behalf by SEBI.

**28. We have experienced negative cash flows in the past. Any such negative cash flows in the future could adversely affect our business, results of operations and prospects.**

The following table sets forth our cash flow for the periods indicated:

|                                    | (₹ in lakhs) |             |             |             |
|------------------------------------|--------------|-------------|-------------|-------------|
| Particulars                        | 31.08.2023   | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
| Net cash from Operations           | -231.24      | 110.84      | 27.28       | 13.91       |
| Net cash from Investing Activities | 9.89         | 22.57       | -32.37      | 25.48       |
| Net cash from Financing Activities | 177.95       | -60.07      | 20.69       | -45.77      |

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans, and make new investments without raising finance from external resources. Such negative cash flows lead to a net decrease in cash and cash equivalents. Any negative cash flow in future could adversely affect our operations and financial conditions and the trading price of our Equity Shares. For further details, please refer “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 114 and 138, respectively.

**29. Our Company has availed certain unsecured loans that are callable by the lenders at any time.**

As on August 31, 2023, our Company has availed certain unsecured loans from Directors that are callable on demand by our lenders. The total amount of outstanding as on August 31, 2023 is ₹ 32.87 Lakhs. For further details of these unsecured loans, refer “Financial Indebtedness” on page 147. In case of any demand from our lenders for repayment of such unsecured loans, the resultant cash outgo, may adversely affect our business operations and financial position of our Company.

**30. Our Company has issued Equity Shares during last 12 months at price lower than the Issue Price.**

Our Company has issued Equity Shares during last 12 months at price lower than the Issue Price by way of Bonus issue:

| Date of Allotment | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Nature / Reason of Allotment | Nature of Consideration |
|-------------------|----------------------|----------------|-----------------|------------------------------|-------------------------|
| July 18, 2023     | 43,15,206            | 10             | Nil             | Bonus Issue                  | Nil                     |

For further details regarding the issue of Equity Shares by our Company, please refer to the chapter titled “Capital Structure” beginning on page 45 of this Prospectus.

**31. We have not made any dividend payments 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.***

In the past, we have not made dividend payments to the shareholders of our Company. The amount of our future dividend payments, if any, will depend upon various factors including our future earnings, financial condition, cash flows and requirement to fund operations and expansion of the business. 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. For further details, see “Dividend Policy” on page 113.

***32. Our Promoters and members of the Promoter Group will continue to jointly retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

After the completion of this IPO, our Promoter and promoter group will beneficially own approximately 59.71% of our post-Issue equity share capital. As a result, the Promoters and Promoter Group may have the ability to control our business including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination or appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company’s best interest. In addition, for so long as the Promoter Group continues to exercise significant control over the Company, they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. The Promoter Group may have interests that are against the interests of other shareholders and may take positions with which our other shareholders do not agree.

***33. Our Company has not registered the trademark. Our ability to use the trademark may be impaired if the same is not registered under our name.***

As on the date of the Prospectus, our logo “ ” is not registered with the trademark authorities. There can be no assurance that third parties will not infringe our intellectual property, causing damage to our reputation. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome thereof cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. For further details pertaining to our intellectual property, please refer to the chapter titled “Business Overview” beginning on page 80 of this Prospectus respectively.

***34. Our financing agreements contain covenants that limit our flexibility in operating our business. Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and financial condition.***

As of August 31, 2023, our total outstanding indebtedness was ₹ 244.26 lakhs (including both short term and long term borrowings). Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our businesses. Further, our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from our lenders for, among other things:

- alteration of the capital structure of our Company and certain Subsidiaries, if any, in any manner;
- undertaking any term loans borrowings;
- making changes to our management set up;
- making any change in ownership and shareholding pattern, including effecting any change in our actual and beneficial ownership or control, of our Company and certain Subsidiaries;
- making any investment in group companies, joint ventures or associates;
- effecting any amalgamation, merger, reconstruction, takeover or consolidation in relation to our Company and certain Subsidiaries;
- amending the memorandum and articles of association of our Company and certain Subsidiaries;
- concluding any fresh borrowing arrangements, either secured or unsecured, with any other lender;
- creation of further charge, lien or encumbrance on assets hypothecated with our lenders;
- effecting any material change in the management of our business or our operating structure;
- undertaking new projects or implementing any scheme of expansion or acquiring fixed assets;

- making any investment by way of subscription to share capital of, and loans, deposits or advances to, any other entity (including our group companies and associate companies);
- undertaking guarantee obligations on behalf of any other lender or any third party;
- declaring dividends; and
- effecting any repayment of loans and deposits and discharging other liabilities except those shown in the fund flow statements submitted to our lenders from time to time.

We are required to obtain the consents of the lenders under our financing agreements before undertaking these significant corporate actions. We cannot assure you that the lenders will grant the required approvals in a timely manner, or at all. The time required to secure consents may hinder us from taking advantage of a dynamic market environment. In addition to the restrictions listed above, we are required to maintain certain financial ratios under our financing agreements. These financial ratios and the restrictive provisions could limit our flexibility to engage in certain business transactions or activities. Additionally, our financing agreements are secured by our movable, immovable or intangible assets (whether existing or future), goods and work-in-progress (whether existing or future) and by personal guarantees of our Promoter. Such financing agreements enable the lenders to cancel any outstanding commitments, accelerate the repayment, exercise cross default provisions and enforce their security interests on the occurrence of events of default such as a breach of financial covenants, failure to obtain the proper consents, failure to perfect security as specified and such other covenants that are not cured. It is possible that we may not have sufficient funds upon such an acceleration of our financial obligations to pay the principal amount and interest in full. Further, if we are forced to issue additional equity to the lenders, ownership interest of the existing shareholders in our Company will be diluted. It is also possible that future financing agreements may contain similar or more onerous covenants and may also result in higher interest cost. If any of these events were to occur, our business, results of operations and financial condition may be adversely affected.

***35. Our insurance coverage may not adequately protect us against all material hazards and the policies do not cover all risks. In the event of the occurrence of such events, our insurance coverage may not adequately protect us against possible risk of loss.***

Our business could suffer damage from fire, natural calamities, misappropriation or other causes, resulting in losses, which may not be fully compensated by insurance. We maintain insurance for burglary policy and standard fire and special perils policy, which provides insurance cover against loss or damage by fire, earthquake, terrorism etc. and also, which we believe, is in accordance with customary industry practices. Our insurance policies, however, may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. Further, with respect to the insurances maintained by us, we cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, 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, financial performance and cash flows could be adversely affected.

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

We have no experience as a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance, and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI (LODR) Regulations, which require us to file audited / unaudited reports periodically 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.

As a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, for which significant resources and management overview will be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business, prospects, financial condition, and results of operations. Further, we may need to hire additional legal and accounting staff with appropriate and relevant experience and technical accounting knowledge and we cannot assure you that we will be able to do so in a timely manner or at all.



## EXTERNAL RISKS

***37. Any downturn in the macroeconomic environment in India could adversely affect our business, results of operations, cash flows and financial condition.***

India is our key market. For Fiscal 2023, entire of our Company's revenue from operations was from India. In addition, an increase in India's trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could increase interest rates and adversely affect liquidity, which could adversely affect the Indian economy and our business, results of operations, cash flows and financial condition.

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

Our business is subject to various laws and regulations, which are evolving and subject to change. For details, see "Key Industrial Regulations and Policies in India" on page 90. We are also subject to corporate, taxation and other laws in effect in India, which require continued monitoring and compliance. These laws and regulations and the way in which they are implemented and enforced may change. There can be no assurance that future legislative or regulatory changes will not have any adverse effect on our business, results of operations, cash flows and financial condition.

***39. Natural disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.***

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as COVID-19, acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India, or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations.

***40. Significant differences exist between Ind AS and Indian GAAP and other accounting principles, such as IFRS and US GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.***

Our financial statements for the period ended August 31, 2023 and for Fiscals 2023, 2022 and 2021 included in this Prospectus are prepared and presented in conformity with Indian GAAP and restated in accordance with the requirements the SEBI (ICDR) Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2016)" issued by the ICAI. Ind AS differs from Indian GAAP and other accounting principles with which prospective investors may be familiar in other countries, such as IFRS and U.S. GAAP. Accordingly, the degree to which the Financial Statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Prospectus.

## RISKS RELATING TO THE EQUITY SHARES AND THE OFFER

***41. Investors bear the risk of fluctuations in the price of Equity Shares and there can be no assurance that a liquid market for our Equity Shares will develop following the listing of our Equity Shares on the Stock Exchanges.***

There has been no public market for our Equity Shares prior to the Offer. The price may not necessarily be indicative of the market price of our Equity Shares after the Offer is completed. You may not be able to re-sell your Equity Shares at or above the Offer price and may as a result lose all or part of your investment.

Our Equity Shares are expected to trade on Emerge Platform of NSE after the Offer, but there can be no assurance that active trading in our Equity Shares will develop after the Offer, 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.

The price at which our Equity Shares will trade at after the Offer will be determined by the marketplace and may be influenced by many factors, including:

- Our financial condition, results of operations and cash flows;
- The history of and prospects for our business;
- An assessment of our management, our past and present operations, and the prospects for as well as timing of our future revenues and cost structures; and
- The valuation of publicly traded companies that are engaged in business activities similar to ours;
- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations, or capital commitments;
- announcements of significant claims or proceedings against us;
- new laws and government regulations that directly or indirectly affect our business;
- additions or departures of Key Management Personnel;
- changes in the interest rates;
- fluctuations in stock market prices and volume; and general economic conditions.

The Indian stock markets have, from time to time, experienced significant price and volume fluctuations that have affected market prices for the securities of Indian companies. As a result, investors in our Equity Shares may experience a decrease in the value of our Equity Shares regardless of our financial performance or prospects.

***42. Any future issuance of Equity Shares by us or sales of Equity Shares by the Promoters could adversely affect the trading price of our Equity Shares and in the case of the issuance of Equity Shares by us result in the dilution of our then current shareholders.***

As disclosed in “Capital Structure” on page 45, an aggregate of 20% of our fully diluted post-Offer capital held by our Promoters shall be considered as minimum Promoters' contribution and locked in for a period of three years and the balance Equity Shares held by the Promoters will be locked-in for one year from the date of Allotment. Except for the customary lock-in on our ability to issue equity or equity-linked securities discussed in “Capital Structure” on page 45, there is no restriction on our ability to issue Equity Shares. As such, there can be no assurance that our Company will not issue additional Equity Shares after the lock-in period expires or that the Promoters will not sell, pledge or encumber their Equity Shares after the lock-in periods expire. Future issuances of Equity Shares or convertible securities and the sale of the underlying Equity Shares could dilute the holdings of our Shareholders and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then trading price of our Equity Shares or the Issue Price. Sales of Equity Shares by the Promoters could also adversely affect the trading price of our Equity Shares.

***43. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Previously, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if Securities Transaction Tax (“STT”) was paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of Equity Shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be 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. 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.

**44. QIBs and Non-Institutional Bidders 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.**

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

**45. Political, economic, or other factors that are beyond our control may have an adverse effect on our business and results of operations.**

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 U.S. 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 adverse effects 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 worldwide financial instability, including the financial crisis and fluctuations in the stock markets in China and further deterioration of credit conditions in the U.S. or European markets, could also have a negative impact on the Indian economy. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity, and the price of our Equity Shares.

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

**46. Changing laws, rules and regulations and legal uncertainties in India, including adverse application of corporate and tax laws, may adversely affect our business and financial results.**

Our business and financial performance could be adversely affected by any change in laws or interpretations of existing laws, or the promulgation of new laws, rules and regulations applicable to us and our business including those relating to the industry in which we operate. There can be no assurance that the Government of India or state governments will not introduce new laws, regulations and policies which will require us to obtain additional approvals and licenses or impose onerous requirements on our business.

For example, the new Companies Act, 2013 contains significant changes to Indian company law, including in relation to the issue of capital by companies, disclosures in offer documents, related party transactions, corporate governance, audit matters, internal controls, shareholder class actions, restrictions on the number of layers of subsidiaries, prohibitions on loans to directors, insider trading and restrictions on directors and key management personnel from engaging in forward dealing. Moreover, effective April 1, 2014, companies exceeding certain net worth, revenue or profit thresholds are required to spend at least 2% of average net profits from the immediately preceding three financial years on corporate social responsibility projects, failing which an explanation is required to be provided in such companies' annual reports.

The Ministry of Finance has issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. Subsequently, the Ministry of Finance, through a press release dated July 6, 2016, deferred the applicability of ICDS from April 1, 2015 to April 1, 2016 and is applicable from FY 2017 onwards and will

have impact on computation of taxable income for FY 2017 onwards. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. Such specific standards for computation of income taxes in India are relatively new, and the impact of the ICDS on our results of operations and financial condition is uncertain. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition going forward.

The Government of India has recently approved the adoption of a comprehensive national goods and services tax (“GST”) regime that will combine taxes and levies by the Central and State Governments into a unified rate structure, with effect from July 1, 2017. Given the limited availability of information in the public domain concerning the GST, we cannot provide any assurance as to this or any other aspect of the tax regime following implementation of the GST. The implementation of this rationalized tax structure may be affected by any disagreement between certain state governments, which may create uncertainty. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, because of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

We have not determined the effect of such legislations on our business. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

***47. Investors may have difficulty enforcing foreign judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. All our directors and executive officers are residents of India and all our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside of India, or to enforce judgments obtained against such parties outside of India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of the Code of Civil Procedure, 1908 (“CPC”) on a statutory basis. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalty.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States on civil liability, whether or not predicated solely upon the federal securities laws of the United States, would not be enforceable in India. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the FEMA to execute such a judgment or to repatriate any amount recovered.

***48. The Equity Shares have never been publicly traded, and, after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price, or at all.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Emerge Platform of NSE may not develop or be sustained after the Offer. Our Company and the Lead Manager have appointed BHH Securities Private Limited as Designated Market Maker for the Equity Shares of our Company. 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. The Offer Price of the Equity Shares 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 the Emerge Platform of NSE, securities markets in other jurisdictions, 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.

## SECTION IV – INTRODUCTION

## THE OFFER

Following table summarises the present Offer in terms of this Prospectus:

| Particulars  | Details of Equity Shares   |
|--|--|
| <b>Offer of Equity Shares #</b>                        | <b>Offer of 17,66,400 Equity Shares having face value of ₹10.00 each at a price of ₹ 91.00 per Equity Share (including a share premium of ₹ 81.00 per Equity share) aggregating ₹1,607.42 lakhs</b>  |
| <b>Of which:</b>                                       |  |
| Market Maker Reservation Portion                       | Offer of 88,800 Equity Shares having face value of ₹10.00 each at a price of ₹ 91.00 per Equity Share aggregating ₹80.81 lakhs   |
| Net Offer to the Public*                               | Offer of 16,77,600 Equity Shares having face value of ₹10.00 each at a price of ₹ 91.00 per Equity Share aggregating ₹1,526.62 lakhs   |
|  | <b>Of which:</b>   |
|  | 8,38,800 Equity Shares having face value of ₹10.00 each at a price of ₹ 91.00 per Equity Share aggregating ₹763.31 lakhs will be available for allocation to Retail Individual Investors   |
|  | 8,38,800 Equity Shares having face value of ₹10.00 each at a price of ₹ 91.00 per Equity Share aggregating ₹763.31 lakhs will be available for allocation to other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for. |
| <b>Pre and Post Offer Share Capital of our Company</b> |  |
| Equity Shares outstanding prior to the Offer           | 49,31,664 Equity Shares  |
| Equity Shares outstanding after the Offer              | 66,98,064 Equity Shares  |
| Objects of the Offer                                   | Please refer “ <i>Objects of the Offer</i> ” on page 57.   |

# Public offer of 17,66,400 Equity Shares of ₹10.00 each for cash at a price of ₹ 91.00 per Equity Share of our Company aggregating to ₹ 1,607.42 lakhs is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. For further details see ‘Terms of the Offer’ on page 167.

The offer has been authorised by our Board pursuant to a resolution dated July 14, 2023, and by our Equity Shareholders pursuant to a resolution passed at the annual general meeting held on July 18, 2023.

\*As per Regulation 253(2) of the SEBI (ICDR) Regulations, as amended, as present Offer is a fixed price offer the allocation in the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to:
  - i. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

*If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.*

## SUMMARY FINANCIAL INFORMATION

## STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(₹ in Lakhs)

| Particulars                         | Note No. | 31.08.23      | 31.03.23      | 31.03.22      | 31.03.21      |
|-------------------------------------|----------|---------------|---------------|---------------|---------------|
| <b>Equity &amp; Liabilities</b>     |          |               |               |               |               |
| <b>Shareholders Fund</b>            |          |               |               |               |               |
| Share capital                       | I.1      | 493.17        | 50.00         | 50.00         | 50.00         |
| Reserves and surplus                | I.2      | 56.15         | 93.22         | 75.49         | 70.97         |
| <b>Total Shareholder's Fund</b>     |          | <b>549.32</b> | <b>143.22</b> | <b>125.49</b> | <b>120.97</b> |
| <b>Non Current Liabilities</b>      |          |               |               |               |               |
| Long Term Borrowings                | I.3      | 150.03        | 168.64        | 204.69        | 262.89        |
| Long term provisions                |          | 0.00          | 0.00          | 0.00          | 0.00          |
| Deferred Tax Liability (Net)        | I.4      | 0.02          | 0.06          | 0.00          | 0.00          |
| <b>Total Current Liabilities</b>    |          | <b>150.05</b> | <b>168.70</b> | <b>204.69</b> | <b>262.89</b> |
| <b>Current Liabilities</b>          |          |               |               |               |               |
| Short Term Borrowings               | I.5      | 95.23         | 278.40        | 261.50        | 142.67        |
| Trade Payables                      | I.6      | 5.74          | 37.96         | 14.70         | 19.83         |
| Other Current Liabilities           | I.7      | 5.27          | 11.34         | 7.13          | 17.44         |
| Short Term Provisions               | I.8      | 21.71         | 17.59         | 2.28          | 5.87          |
| <b>Total Current Liabilities</b>    |          | <b>127.95</b> | <b>345.29</b> | <b>285.61</b> | <b>185.81</b> |
| <b>Total Equity &amp; Liability</b> |          | <b>827.32</b> | <b>657.21</b> | <b>615.79</b> | <b>569.67</b> |
| <b>Non-Current Assets</b>           |          |               |               |               |               |
| a) Fixed Assets                     |          |               |               |               |               |
| Tangible Assets                     | I.9      | 235.54        | 235.67        | 236.79        | 237.40        |
| Intangible Assets                   |          | 0.00          | 0.00          | 0.00          | 0.00          |
| Capital WIP                         |          | 0.00          | 0.00          | 0.00          | 0.00          |
| <b>Total Fixed Assets (a)</b>       |          | <b>235.54</b> | <b>235.67</b> | <b>236.79</b> | <b>237.40</b> |
| b) Non Current Investments          | I.10     | 46.53         | 45.48         | 43.40         | 0.00          |
| c) Long term Loans and Advances     | I.11     | 16.93         | 16.93         | 16.58         | 0.00          |
| d) Other Non Current Assets         |          | 0.00          | 0.00          | 0.00          | 0.00          |
| e) Deferred Tax Assets              |          | 0.00          | 0.00          | 0.00          | 0.00          |
| <b>Total Non Current Assets</b>     |          | <b>299.00</b> | <b>298.08</b> | <b>296.77</b> | <b>237.40</b> |
| <b>Current assets</b>               |          |               |               |               |               |
| Current Investments                 |          | 0.00          | 0.00          | 0.00          | 0.00          |
| Inventories                         | I.12     | 136.25        | 107.50        | 111.04        | 79.08         |
| Trade Receivables                   | I.13     | 243.01        | 99.85         | 75.50         | 171.37        |
| Cash and Cash Equivalents balances  | I.14     | 94.17         | 137.57        | 64.23         | 48.63         |
| Short Term Loans and advances       | I.15     | 38.62         | 14.02         | 64.00         | 0.00          |
| Other Current Assets                | I.16     | 16.27         | 0.19          | 4.25          | 33.19         |
| <b>Total Current Assets</b>         |          | <b>528.32</b> | <b>359.13</b> | <b>319.02</b> | <b>332.27</b> |
| <b>Total Assets</b>                 |          | <b>827.32</b> | <b>657.21</b> | <b>615.79</b> | <b>569.67</b> |

**STATEMENT OF PROFIT & LOSS AS RESTATED**

(₹ in Lakhs)

| Particulars   | Note No. | 31.08.23        | 31.03.23        | 31.03.22        | 31.03.21        |
|---|----------|-----------------|-----------------|-----------------|-----------------|
| <b>Income</b>   |          |                 |                 |                 |                 |
| Revenue from Operations                                 | II.1     | 1,574.24        | 4,051.59        | 3,225.87        | 3,929.64        |
| Other Income  | II.2     | 11.34           | 25.66           | 28.70           | 26.03           |
|   |          |                 |                 |                 |                 |
| <b>Total Revenue</b>                                    |          | <b>1,585.58</b> | <b>4,077.25</b> | <b>3,254.57</b> | <b>3,955.67</b> |
|   |          |                 |                 |                 |                 |
| <b>Expenditure</b>                                      |          |                 |                 |                 |                 |
| Cost of Goods Sold                                      | II.3     | 1,511.57        | 3,935.81        | 3,132.55        | 3,810.31        |
| Employee Benefit Expenses                               | II.4     | 24.85           | 49.01           | 45.46           | 36.40           |
| Other Expenses  | II.5     | 18.74           | 23.48           | 28.57           | 43.50           |
|   |          |                 |                 |                 |                 |
| <b>Total (B)</b>  |          | <b>1,555.16</b> | <b>4,008.30</b> | <b>3,206.58</b> | <b>3,890.21</b> |
| <b>Profit Before Interest, Depreciation and Tax</b>     |          | <b>30.42</b>    | <b>68.95</b>    | <b>47.99</b>    | <b>65.46</b>    |
| Depreciation and Amortisation Expenses                  |          | 0.53            | 1.78            | 1.70            | 1.49            |
| <b>Profit Before Interest and Tax</b>                   |          | <b>29.89</b>    | <b>67.17</b>    | <b>46.29</b>    | <b>63.97</b>    |
| Financial Charges                                       | II.6     | 16.23           | 40.92           | 39.94           | 43.98           |
| <b>Profit before Taxation</b>                           |          | <b>13.66</b>    | <b>26.25</b>    | <b>6.35</b>     | <b>19.99</b>    |
| Provision for Taxation                                  |          | 3.55            | 8.46            | 1.83            | 5.58            |
| Provision for Deferred Tax                              |          | -0.04           | 0.06            | 0.00            | 0.00            |
| <b>Total Taxes</b>                                      |          | <b>3.51</b>     | <b>8.52</b>     | <b>1.83</b>     | <b>5.58</b>     |
| <b>Profit After Tax but Before Extra ordinary Items</b> |          | <b>10.15</b>    | <b>17.73</b>    | <b>4.52</b>     | <b>14.41</b>    |
| Extraordinary Items                                     |          | 0.00            | 0.00            | 0.00            | 0.00            |
| Prior Period Items - Tax                                |          | 0.00            | 0.00            | 0.00            | 0.00            |
| <b>Net Profit after adjustments</b>                     |          | <b>10.15</b>    | <b>17.73</b>    | <b>4.52</b>     | <b>14.41</b>    |
| <b>Net Profit Transferred to Balance Sheet</b>          |          | <b>10.15</b>    | <b>17.73</b>    | <b>4.52</b>     | <b>14.41</b>    |



## STATEMENT OF CASH FLOWS AS RESTATED

(₹ in Lakhs)

| PARTICULARS   | 31.08.23        | 31.03.23       | 31.03.22       | 31.03.21       |
|---|-----------------|----------------|----------------|----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                 |                |                |                |
| Profit Before Tax   | 13.66           | 26.25          | 6.35           | 19.99          |
| Adjusted for :  |                 |                |                |                |
| a. Depreciation   | 0.53            | 1.78           | 1.70           | 1.49           |
| b. Interest Expenses & Finance Cost                             | 16.23           | 40.92          | 39.94          | 43.98          |
| c. Interest & Other Income                                      | (11.34)         | (25.66)        | (28.70)        | (26.03)        |
| d. Other Adjustment   | 0.00            | 0.00           | 0.00           | (0.20)         |
| <b>Operating profit before working capital changes</b>          | <b>19.08</b>    | <b>43.29</b>   | <b>19.29</b>   | <b>39.23</b>   |
| Adjusted for :  |                 |                |                |                |
| a. Decrease /(Increase) in Inventories                          | (28.75)         | 3.54           | (31.96)        | (0.46)         |
| b. Decrease / ( Increase ) in trade receivable                  | (143.17)        | (24.35)        | 95.87          | (48.53)        |
| b. Decrease / ( Increase ) in Current Investments               | 0.00            | 0.00           | 0.00           | 0.00           |
| c. ( Increase ) / Decrease in short term loans and advances     | (24.60)         | 49.98          | (64.00)        | 0.00           |
| d. Increase / ( Decrease ) in Trade Payables                    | (32.22)         | 23.26          | (5.13)         | 17.77          |
| e. Increase / (Decrease) in short term provisions               | 4.12            | 15.31          | (3.59)         | 3.94           |
| f. Increase / ( Decrease ) in other current liabilities         | (6.07)          | 4.21           | (10.31)        | 3.00           |
| g. ( Increase ) / Decrease in Other Current Assets              | (16.08)         | 4.06           | 28.94          | 4.54           |
| <b>Cash generated from operations</b>                           | <b>(227.69)</b> | <b>119.30</b>  | <b>29.11</b>   | <b>19.49</b>   |
| Income Tax Paid ( net of refunds )                              | 3.55            | 8.46           | 1.83           | 5.58           |
| <b>NET CASH GENERATED FROM OPERATION</b>                        | <b>(231.24)</b> | <b>110.84</b>  | <b>27.28</b>   | <b>13.91</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                 |                |                |                |
| a. (Purchase) / Sale of Fixed Assets                            | (0.40)          | (0.67)         | (1.09)         | (0.55)         |
| b.( Purchase) / Sale of non-current investment                  | (1.05)          | (2.07)         | (43.40)        | 0.00           |
| c. ( Increase ) / Decrease in Long term loans and advances      | 0.00            | (0.35)         | (16.58)        | 0.00           |
| d. Increase / ( Decrease ) in Long Term Provisions              | 0.00            | 0.00           | 0.00           | 0.00           |
| e. ( Increase ) / Decrease in Other Non Current Assets          | 0.00            | 0.00           | 0.00           | 0.00           |
| f. (Increase) in Misc. Expenses                                 | 0.00            | 0.00           | 0.00           | 0.00           |
| g. Interest & Other Income                                      | 11.34           | 25.66          | 28.70          | 26.03          |
| h. Dividend Income  | 0.00            | 0.00           | 0.00           | 0.00           |
| <b>Net cash (used) in investing activities</b>                  | <b>9.89</b>     | <b>22.57</b>   | <b>(32.37)</b> | <b>25.48</b>   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                   |                 |                |                |                |
| a. Interest & Finance Cost                                      | (16.23)         | (40.92)        | (39.94)        | (43.98)        |
| b. Proceeds from share issued                                   | 395.96          | 0.00           | 0.00           | 0.00           |
| c. ( Repayments ) / proceeds of long term borrowings            | (18.61)         | (36.05)        | (58.20)        | 26.97          |
| d. ( Repayments ) / proceeds of short term borrowings           | (183.17)        | 16.90          | 118.83         | (28.76)        |
| <b>Net cash generated/(used) in financing activities</b>        | <b>177.95</b>   | <b>(60.07)</b> | <b>20.69</b>   | <b>(45.77)</b> |
| <b>Net Increase / ( Decrease ) in cash and cash equivalents</b> | <b>(43.40)</b>  | <b>73.34</b>   | <b>15.60</b>   | <b>(6.38)</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b>   | <b>137.57</b>   | <b>64.23</b>   | <b>48.63</b>   | <b>55.01</b>   |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>94.17</b>    | <b>137.57</b>  | <b>64.23</b>   | <b>48.63</b>   |

## GENERAL INFORMATION

Our Company was incorporated as Shanthala Traders Private Limited on February 20, 2014 under the Companies Act, 1956 with the Registrar of Companies, Bangalore bearing Registration number 073756. The name of the Company was changed to Shanthala FMCG Products Private Limited vide certificate of incorporation, consequent to change of name was issued on April 24, 2023 by the Registrar of Companies, Bangalore. The status of the Company was changed to public limited and the name of our Company was changed to Shanthala FMCG Products Limited vide Special Resolution dated June 12, 2023 pursuant to conversion of the Company into public limited Company. The fresh certificate of incorporation consequent to conversion was issued on July 10, 2023 by the Registrar of Companies, Bangalore.

|  |  |
|--|--|
| <b>Company Identification Number</b>           | U51109KA2014PLC073756  |
| <b>Address of Registered office of Company</b> | 7th Block, Gandhinagr Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India   |
| <b>Address of Registrar of Companies</b>       | <b>Address:</b> E wing, II <sup>nd</sup> Floor, Kendriya Sadana, Kormangala, Bangalore - 560034, Karnataka, India<br><b>Tel No:</b> + 91 80 25633105<br><b>Email:</b> roc.bangalore@mca.gov.in   |
| <b>Designated Stock Exchange</b>               | National Stock Exchange of India Limited   |
| <b>Listing of Shares offered in this Offer</b> | Emerge Platform of NSE   |
| <b>Contact Person:</b>                         | <b>Snehal Ravindra Bhagwat, Company Secretary and Compliance Officer</b><br>7th Block, Gandhinagr Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India Tel: +91 82742 98999<br>Fax: Not Available<br>E-mail: ipo@Shanthalafmcg.com<br>Website: www.Shanthalafmcg.com |

For details of the changes in our Name, Registered Office and other details, please refer “History and Certain Other Corporate Matters” on page 93.

### Our Board of Directors

Details regarding our Board of Directors as on the date of this Prospectus are set forth in the table hereunder:

| <b>Sr. No.</b> | <b>Name and Designation</b>   | <b>DIN</b> | <b>Address</b>   |
|----------------|---|------------|--|
| 1.             | <b>B. Manjunath Mallya</b><br><i>Chairman &amp; Managing Director</i> | 06793251   | Gandhinagar, Virajpet, Kodagu - 571218, Karnataka, India   |
| 2.             | <b>Shobitha Malya</b><br><i>Executive Director</i>                    | 06793259   | Gandhinagar, Virajpet, Kodagu - 571218, Karnataka, India   |
| 3.             | <b>Smita Arjun Patil</b><br><i>Independent Director</i>               | 10147488   | C-2-6, Room No. 2/4, Near Meghraj Tokiz, Sector -2, Vashi, Navi Mumbai - 400703, Thane, Maharashtra, India       |
| 4.             | <b>Ravikant Moreshwar Mhatre</b><br><i>Independent Director</i>       | 06362676   | Mavli Prasad Niwas, H no. 30, At post Koparkhairne, Navi Mumbai - 400705, Maharashtra, India                     |
| 5.             | <b>Shivani Shivshankar Tiwari</b><br><i>Independent Director</i>      | 09359208   | C-4, Kamlesh Apartment, Parsi Panchayat Road, Opp. Sona Udyog, Andheri East, Mumbai – 400069, Maharashtra, India |

For detailed profile of our Managing Director and other Directors, please refer “Our Management” and “Our Promoters and Promoter Group” on page 96 and 106 respective

## Company Secretary and Compliance Officer

Our Company has appointed Snehal Ravindra Bhagwat, the Company Secretary of our Company, as the Compliance Officer, whose contact details are set forth hereunder.

### Snehal Ravindra Bhagwat

7th Block, Gandhinagr Bye Pass Road,  
Virajpet, Kodagu - 571218,  
Karnataka, India  
Tel: +91 82742 98999  
Fax: Not Available  
E-mail: ipo@Shanthalafmcg.com  
Website: www.Santhalafmcg.com

## Chief Financial Officer

Our Company has appointed Yogish Mallya, as the Chief Financial Officer. His contact details are set forth hereunder.

### Yogish Mallya

7th Block, Gandhinagr Bye Pass Road,  
Virajpet, Kodagu - 571218,  
Karnataka, India  
Tel: +91 82742 98999  
Fax: Not Available  
E-mail: cfo@Shanthalafmcg.com  
Website: www.Santhalafmcg.com

**Applicants can contact the Compliance Officer or the Lead Manager or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund orders, etc. All complaints, queries or comments received by Stock Exchange / SEBI shall be forwarded to the Lead Manager, who shall respond to the same.**

Applicants may contact the Lead Manager for complaints, information or clarifications pertaining to the Offer.

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Applicant should give full details such as name of the sole or first Applicant, ASBA Form number, Applicant DP ID, Client ID, PAN, date of the ASBA Form, address of the Applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Applicant. Further, the investor shall also enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

## Details of Key Intermediaries pertaining to this Offer of our Company:

| Lead Manager of the Offer   | Registrar to the Offer  |
|---|---|
| <b>FIRST OVERSEAS CAPITAL LIMITED</b><br>1-2 Bhupen Chambers, Dalal Street, Fountain,<br>Mumbai – 400 001, Maharashtra, India.<br><b>Tel No.:</b> +91 22 4050 9999<br><b>Fax No:</b> +91 22 4050 9900<br><b>Email:</b> mb@focl.in<br><b>Investor Grievance Email:</b> investorcomplaints@focl.in<br><b>Website:</b> www.focl.in<br><b>SEBI Registration No:</b> INM000003671<br><b>Contact Person:</b> Satish Sheth / Mala Soneji | <b>BIGSHARE SERVICES PRIVATE LIMITED</b><br>S6-2, 6 <sup>th</sup> Floor, Pinnacle Business Park,<br>Mahakali Caves Road, Next to Ahura Centre,<br>Andheri East, Mumbai - 400 093, Maharashtra, India<br><b>Tel. No.:</b> +91 22 6263 8200<br><b>Email:</b> ipo@bigshareonline.com<br><b>Website:</b> www.bigshareonline.com<br><b>Investor Grievance Email:</b> investor@bigshareonline.com<br><b>SEBI Registration No.:</b> INR000001385<br><b>Contact Person:</b> Babu Rapheal C. |
| Banker to the Company   | Banker to the Company   |
| <b>ICICI Bank Limited</b><br>17/17-1, Sunanda Complex,<br>College Road,   | <b>State Bank of India</b><br>Taluk office Road, Virajpet Branch,<br>Virajpet – 571218,   |

|  |   |
|--|---|
| Madikeri – 571201, Dist. Kodagu<br>Karnataka, India<br><b>Tel:</b> +91 9620941446<br><b>Email:</b> p.rathishaa@icicibank.com<br><b>Contact Person:</b> P. Rathish<br><b>Website:</b> www.icicibank.com   | Karnataka, India<br><b>Tel:</b> +91 824 25459<br><b>Email:</b> sbi.00950@sbi.co.in<br><b>Contact Person:</b> Chief Manager<br><b>Website:</b> <a href="http://www.sbi.co.in">www.sbi.co.in</a>  |
| <b>Banker to the Company</b>   | <b>Legal Advisor to the Offer</b>   |
| <b>Bharat Co-operative Bank (Mumbai) Ltd.</b><br>Hampankatta (Mangalore) Branch,<br>Classique Arcade, K. S. Rao Road,<br>Hampankatta, Mangalore – 575 001,<br>Karnataka, India<br><b>Tel:</b> +91 824 2421076<br><b>Email:</b> hampankatta@bharatbank.co.in<br><b>Contact Person:</b> Branch Manager<br><b>Website:</b> www.bharatbank.com   | <b>Pabari Legal Associates</b><br><b>Advocate &amp; Legal Associates</b><br>C2-503, 5 <sup>th</sup> Floor, Sarova, Near Thakur College, Near<br>Samta Nagar Post Office, Kandivali East, Mumbai<br>400101, Maharashtra, India<br><b>Tel No.:</b> +91 9322376203<br><b>Email:</b> pabarimukesh@gmail.com<br><b>Contact Person:</b> Mukesh J Pabari   |
| <b>Statutory Auditor of the Company and Peer Review Auditor</b>  | <b>Escrow and sponsor Banker to the Offer</b>   |
| <b>M/s. KALE MALDE &amp; CO.,</b><br>Chartered Accountants<br>1, Shivkrupa Building, Patharli Road,<br>Shelar Naka, Dombivali (East) - 421 201,<br>Maharashtra, India<br>Mob: +91 8692000600<br>Email: alpesh1804@gmail.com<br><b>Contact Person:</b> CA Alpesh Malde<br><b>Membership No.:</b> 138034<br><b>Firm Registration No.:</b> 154422W<br><b>Peer Review No:</b> 014922 (valid till January 31, 2027) | <b>HDFC BANK LIMITED</b><br>HDFC Bank Limited, FIG- OPS Department- Lodha, I<br>Think Techno Campus, O-3 Level, Next to Kanjurmarg<br>Railway Station, Kanjurmarg (East) Mumbai-400042,<br>Maharashtra, India<br><b>Tel No.:</b> +91 22 30752927/28/2914<br><b>Email Id:</b> Siddharth.Jadhav@hdfcbank.com,<br>eric.bacha@hdfcbank.com,<br>Sachin.gawade@hdfcbank.com<br><b>Contact Person:</b> Siddharth Jadhav, Eric Bacha, Sachin<br>Gawade<br><b>Website :</b> www.hdfcbank.com<br><b>SEBI Registration No.:</b> INBI00000063 |

### Changes in Auditors for last three years

Our current Statutory Auditors, M/s. Kale Malde & Co., Chartered Accountants, were appointed as Statutory Auditors of our Company to fill the casual vacancy at its board meeting dated May 27, 2023 for FY 2023 till the conclusion of AGM in place of M/s A. Gopalakrishna, Chartered Accountants, to comply with the requirement of peer review auditor in SME IPO. M/s A. Gopalakrishna was appointed as Statutory Auditors of our Company at AGM dated December 31, 2020.

M/s. Kale Malde & Co. have been reappointed as Statutory Auditors for 5 years period, to hold office till the conclusion of the AGM of the Company to be held in the year 2028, at AGM dated July 18, 2023.

### DESIGNATED INTERMEDIARIES

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

The list of SCSBs is available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> on the SEBI website, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which an Applicant, not applying through Syndicate/ Sub Syndicate or through a Registered Broker, CRTA or CDP may submit the Application Forms available at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> on the SEBI website, or at such other website as may be prescribed by SEBI from time to time.

#### Registered Brokers

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the NSE Limited i.e. [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

#### RTAs

The list of the RTAs eligible to accept application forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchange [www.nseindia.com](http://www.nseindia.com), as updated from time to time.

### **Collecting Depository Participants**

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 websites of Stock Exchange [www.nseindia.com](http://www.nseindia.com) as updated from time to time. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the application forms from the Designated Intermediaries will be available on the website of the SEBI [www.sebi.gov.in](http://www.sebi.gov.in) and updated from time to time.

### **Credit Rating**

This being an Offer of Equity Shares, there is no requirement of credit rating for the Offer.

### **IPO Grading**

Since the Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

### **Statement of Responsibility of the Lead Manager/Statement of inter se allocation of responsibilities**

Since First Overseas Capital Limited is the sole Lead Manager to this Offer, a statement of *inter se* allocation of responsibilities amongst Lead Managers is not required.

### **Expert Opinion**

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

Our Company has received written consent from the Statutory Auditor namely, M/s. Kale Malde & Co., Chartered Accountants to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this 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 Restated Financial Statements, dated October 16, 2023 and such consent has not been withdrawn as on the date of this Prospectus.

Our Company has received written consent from our Statutory Auditor namely, M/s. Kale Malde & Co., Chartered Accountants to include its name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and the statement of tax benefits dated July 27, 2023 included in this Prospectus and such consent has not been withdrawn as on the date of this Prospectus.

### **Debenture Trustees**

This is an Offer of equity shares; hence appointment of debenture trustee is not required.

### **Appraisal and Monitoring Agency**

The objects of the Offer have not been appraised by any agency.

The Objects of the Offer and means of finance, therefore, are based on internal estimates of our Company. In terms of Regulation 41 of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the Offer size is not in excess of ₹10,000 lakhs.

### **Filing of the Offer Document**

The Draft Prospectus shall not be filed with SEBI, nor shall SEBI issue any observation on the Offer Document in terms of Regulation 246(2) of SEBI (ICDR), 2018. However, pursuant to Regulation 246(5), the soft copy of Draft Prospectus has been 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 Prospectus and Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>.

Further, pursuant to SEBI Circular Number CFD/DIL1/CIR/P/2019/0000000154 dated December 11, 2019, a copy of the Draft Prospectus and Prospectus along with the with due diligence certificate including additional confirmations required to be filed under Section 26 of the Companies Act, 2013 will be filed with SEBI.

A copy of the Prospectus, along with the material contracts and documents referred elsewhere in the Prospectus, will be delivered to the RoC Office situated at 7th Block, Gandhinagr Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India.

### Underwriting Agreement

This Offer is 100% Underwritten. The Underwriting agreement is dated July 27, 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 offered through this Offer:

| Details of the Underwriter   | No. of shares underwritten* | Amount Underwritten (₹in lakhs) | % of the Total Issue Size Underwritten |
|--|-----------------------------|---------------------------------|--|
| <b>FIRST OVERSEAS CAPITAL LIMITED</b><br>1-2 Bhupen Chambers, Dalal Street, Fountain,<br>Mumbai – 400 001, Maharashtra, India.<br><b>Tel No.:</b> +91 22 4050 9999<br><b>Email:</b> mb@focl.in<br><b>Investor Grievance Email:</b> investorcomplaints@focl.in<br><b>Website:</b> www.focl.in<br><b>SEBI Registration No:</b> INM000003671<br><b>Contact Person:</b> Satish Sheth / Mala Soneji | 2,65,200                    | 241.33                          | 15.01                                  |
| <b>BHH Securities Private Limited</b><br>634, Rotunda Building, Bombay Samachar Marg,<br>Mumbai – 400023, Maharashtra, India.<br><b>Tel No.:</b> +91-22-30289783,30289874<br><b>Email:</b> info@bhhsecurities.com<br><b>Contact Person:</b> Rahul Harlalka<br><b>SEBI Registration No:</b> INZ000262331  | 15,01,200                   | 1,366.09                        | 84.99                                  |
| <b>Total</b>   | <b>17,66,400</b>            | <b>1,607.42</b>                 | <b>100.00</b>                          |

In the opinion of our Board of Directors, the resources of the above-mentioned Underwriter are sufficient to enable them to discharge the underwriting obligations in full. The abovementioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as broker with the Stock Exchange.

### Details of the Market Making Arrangement for this Offer

Our Company has entered into Market Making Agreement dated July 27, 2023, with the Lead Manager and Market Maker, duly registered with NSE to fulfil the obligations of Market Making:

The details of Market Maker are set forth below:

**BHH Securities Private Limited**  
 634, Rotunda Building, Bombay Samachar Marg,  
 Mumbai – 400023, Maharashtra, India.  
**Tel No.:** +91-22-30289783,30289874  
**Email:** info@bhhsecurities.com  
**Contact Person:** Rahul Harlalka  
**SEBI Registration No:** INZ000262331

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 NSE and SEBI regarding this matter from time to time. Following is a summary of the key details pertaining to the Market Making arrangement:

- 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 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 offer 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.
- 3) After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the Equity Shares of market maker in our Company reaches to 25%. (Including the 5% of Equity Shares of the Offer.) Any Equity Shares allotted to Market Maker under this Offer over and above 5% of Offer Size would not be taken in to consideration of computing the threshold of 25%. As soon as the Shares of market maker in our Company reduce to 24%, the market maker will resume providing 2-way quotes.
- 4) There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
- 5) Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
- 6) There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
- 7) On the day of listing, there will be pre opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of listing on the discovered price during the pre-open call auction.
- 8) 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, 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.
- 9) The Market Maker shall have the right to terminate said arrangement by giving a six-month notice or on mutually acceptable terms to the Merchant Banker, 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, 2018. Further the Company and the Lead Manager reserve the right to appoint other Market Maker 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 particulars point of time. The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.

- 10) **Risk containment measures and monitoring for Market Makers:** Emerge Platform of NSE will have all margins which are applicable on the NSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.
- 11) **Punitive Action in case of default by Market Makers:** Emerge Platform of NSE 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 Exchange from time to time. The Stock 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.

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

(a) 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.

(b) In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the Offer price.

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the Emerge Platform of NSE.

| Sr. No. | Market Price Slab (in ₹) | Proposed spread (in % to sale price) |
|---------|--------------------------|--------------------------------------|
| 1       | Up to 50                 | 9                                    |
| 2       | 50 to 75                 | 8                                    |
| 3       | 75 to 100                | 6                                    |
| 4       | Above 100                | 5                                    |

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

| Offer Size        | Buy quote exemption threshold<br>(including mandatory initial<br>inventory of 5% of the Offer Size) | Re-Entry threshold for buy quote<br>(including mandatory initial inventory of<br>5% of the Offer Size) |
|-------------------|---|--|
| Up to ₹20 Crores  | 25%   | 24%  |
| ₹20 to ₹50 Crores | 20%   | 19%  |
| ₹50 to ₹80 Crores | 15%   | 14%  |
| Above ₹80 Crores  | 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 Prospectus and after giving effect to the Offer is set forth below:

| No.       | Particulars   | Amount (₹ in lakhs)     |                                |
|-----------|---|-------------------------|--------------------------------|
|           |   | Aggregate nominal value | Aggregate value at Offer Price |
| <b>A.</b> | <b>Authorised Share Capital</b>   |                         |                                |
|           | 1,10,00,000 Equity Shares of face value of ₹10 each   | 1,100.00                | -                              |
| <b>B.</b> | <b>Issued, Subscribed and Paid-Up Share Capital before the Offer</b>  |                         |                                |
|           | 49,31,664 Equity Shares of face value of ₹10.00 each  | 493.17                  | -                              |
| <b>C.</b> | <b>Present Offer in terms of this Prospectus</b>  |                         |                                |
|           | <i>Consisting of:</i>   |                         |                                |
|           | Fresh Issue of up to 17,66,400 Equity Shares for cash at a price of ₹ 91.00 per Equity Share  | 176.64                  | 1,607.42                       |
|           | <i>Which comprises:</i>   |                         |                                |
|           | 88,800 Equity Shares of ₹10.00 each at a price of ₹ 91.00 per Equity Share reserved as Market Maker portion   | 8.88                    | 80.81                          |
|           | Net Offer to the Public of 16,77,600 Equity Shares of ₹10.00 each at a price of ₹ 91.00 per Equity Share  | 167.76                  | 1,526.62                       |
|           | <i>Of which:</i>  |                         |                                |
|           | 8,38,800 Equity Shares of ₹10.00 each at a price of ₹ 91.00 per Equity Share will be available for allocation to Retail Individual Investors upto ₹2,00,000/-             | 83.88                   | 763.31                         |
|           | 8,38,800 Equity Shares of ₹10.00 each at a price of ₹ 91.00 per Equity Share will be available for allocation to Other than Retail Individual Investors above ₹2,00,000/- | 83.88                   | 763.31                         |
| <b>D.</b> | <b>Issued, Subscribed and Paid-up Share Capital after the Offer</b>   |                         |                                |
|           | 66,98,064 Equity Shares of ₹10.00 each  | 669.81                  | -                              |
| <b>E.</b> | <b>Securities Premium Account</b>   |                         |                                |
|           | Before the Offer  |                         | Nil                            |
|           | After the Offer   |                         | 1,430.78                       |

*The Offer has been authorised by our Board pursuant to a resolution dated July 14, 2023, and by our Equity Shareholders pursuant to a resolution passed at the annual general meeting held on July 18, 2023.*

### Class of Shares

The company has only one class of shares i.e. Equity shares of ₹ 10/- each only and all Equity Shares are ranked pari-passu in all respects.

All Equity Shares issued are fully paid-up as on date of the Prospectus. Our Company has not issued any partly paid-up equity shares since its incorporation nor it does have any partly paid-up equity shares as on the date of the Prospectus.

Our Company does not have any outstanding convertible instruments as on the date of the Prospectus.

### Notes to the Capital Structure

#### 1. Details of changes in authorised Share Capital:

The authorised share capital of our Company has been altered in the manner set forth below:

| Particulars of Change   |   | Date of Members Meeting | AGM/EGM |
|---|---|-------------------------|---------|
| From  | To  |                         |         |
| ₹50,00,000 consisting of 50,000 Equity shares of ₹100.00 each.  |   | On incorporation        | -       |
| ₹50,00,000 consisting of 50,000 Equity shares of ₹100.00 each.  | ₹50,00,000 consisting of 5,00,000 Equity shares of ₹10.00 each.       | March 27, 2023          | EGM     |
| ₹50,00,000 consisting of 5,00,000 Equity shares of ₹10.00 each. | ₹11,00,00,000 consisting of 1,10,00,000 Equity shares of ₹10.00 each. | March 27, 2023          | EGM     |

## 2. History of Issued and Paid-Up Share Capital of our Company

The history of the equity share capital of our Company is set forth below:

| Date of Allotment | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Nature / Reason of Allotment  | Nature of Consideration            | Cumulative No. of Equity Shares | Cumulative Paid Up Share Capital (₹) | Cumulative Share Premium (₹) |
|-------------------|----------------------|----------------|-----------------|---|------------------------------------|---------------------------------|--------------------------------------|------------------------------|
| On Incorporation  | 50,000               | 100            | 100             | Cash  | Subscription to MOA <sup>(1)</sup> | 50,000                          | 50,00,000                            | Nil                          |
| March 27, 2023    | 5,00,000             | 10             |                 | Sub-division of Rs. 100 face value 1 share into Rs. 10 face value 10 shares |                                    | 5,00,000                        | 50,00,000                            | Nil                          |
| May 27, 2023      | 1,16,458             | 10             | 340             | Cash  | Further Issue <sup>(2)</sup>       | 6,16,458                        | 61,64,580                            | 3,84,31,140                  |
| July 18, 2023     | 43,15,206            | 10             | Nil             | Other than Cash   | Bonus Issue <sup>(3)</sup>         | 49,31,664                       | 4,93,16,640                          | Nil                          |

1. Initial allotment of 49,000 Equity Shares to B. Manjunath Mallya and 1,000 Equity Shares to Shobitha Malya, being the subscribers to the MoA of our Company.

2. Allotment of 1,16,458 Equity Shares to following allottees:

| Sr. No. | Name of Allottee | No. of Equity Shares Allotted |
|---------|------------------|-------------------------------|
| 1       | Usha Bhoite      | 7352                          |
| 2       | Ajit Kandar      | 14705                         |
| 3       | Abhishek Agrawal | 15380                         |
| 4       | Deepak Mohanty   | 7352                          |
| 5       | Sangita Mahajan  | 2647                          |
| 6       | Shashank Mahajan | 4705                          |
| 7       | Sapna Sharma     | 4852                          |
| 8       | Ratnakar Rai     | 1470                          |
| 9       | Ashok Kakade     | 3000                          |
| 10      | Deepak Ingle     | 1500                          |
| 11      | Arjun Patil      | 3000                          |
| 12      | Ashok Anand      | 1470                          |
| 13      | Rajesh Deshmukh  | 1470                          |

|    |                              |                 |
|----|------------------------------|-----------------|
| 14 | Parasmal Babulal Solanki HUF | 7058            |
| 15 | Sharad Harlalka              | 5882            |
| 16 | Shilpa Harlalka              | 5882            |
| 17 | Nikhil Harlalka              | 2941            |
| 18 | Prashant Pawar               | 7352            |
| 19 | Naresh J Shroff HUF          | 5882            |
| 20 | Ravikant Mhatre              | 735             |
| 21 | Sunreet Pruthi               | 2941            |
| 22 | Navreet Pruthi               | 2941            |
| 23 | Balreet Pruthi               | 2941            |
| 24 | Deep Shukla                  | 3000            |
|    | <b>Total</b>                 | <b>1,16,458</b> |

3. Allotment of 43,15,206 Equity Shares to following shareholders as a Bonus issue in the ratio of 7 shares for 1 share held on July 18, 2023:

| Sl. No. | Name of Allottee             | No. of Equity Shares Allotted |
|---------|------------------------------|-------------------------------|
| 1       | B. Manjunath Mallya          | 15,41,925                     |
| 2       | Shobitha Malya               | 70,000                        |
| 3       | Santosh Kudva                | 700                           |
| 4       | Vinayak Kudva                | 700                           |
| 5       | Sneha Kudva                  | 11,99,975                     |
| 6       | Smita Kudva                  | 700                           |
| 7       | Deep O Shukla                | 21,700                        |
| 8       | Yogish Mallya                | 6,85,300                      |
| 9       | Usha Bhoite                  | 51,464                        |
| 10      | Ajit Kandar                  | 1,02,935                      |
| 11      | Abhishek Agrawal             | 1,07,660                      |
| 12      | Deepak Mohanty               | 51,464                        |
| 13      | Sangita Nagesh Mahajan       | 18,529                        |
| 14      | Shashank Mahajan             | 32,935                        |
| 15      | Sapna Sharma                 | 33,964                        |
| 16      | Ratnakar Rai                 | 10,290                        |
| 17      | Ashok Kakade                 | 21,000                        |
| 18      | Deepak Ingle                 | 10,500                        |
| 19      | Arjun Patil                  | 21,000                        |
| 20      | Ashok anand                  | 10,290                        |
| 21      | Rajesh Deshmukh              | 10,290                        |
| 22      | Parasmal Babulal Solanki HUF | 49,406                        |
| 23      | Sharad Harlalka              | 41,174                        |
| 24      | Shilpa Harlalka              | 41,174                        |
| 25      | Nikhil Harlalka              | 20,587                        |
| 26      | Prashant Pawar               | 51,464                        |
| 27      | Naresh J Shroff HUF          | 41,174                        |

|    |                 |                  |
|----|-----------------|------------------|
| 28 | Ravikant Mhatre | 5,145            |
| 29 | Sunreet Pruthi  | 20,587           |
| 30 | Navreet Pruthi  | 20,587           |
| 31 | Balreet Pruthi  | 20,587           |
|    | <b>Total</b>    | <b>43,15,206</b> |

3. **Issue of Equity Shares for Consideration other than Cash.**

- a. Other than the Bonus issue of Equity Shares as mentioned in point no. 2 above, our Company has not allotted any Equity Shares for consideration other than cash, since its incorporation.
4. No Equity Shares have been allotted pursuant to any scheme approved under Sections 391-394 of the Companies Act, 1956 or Section 230-233 of the Companies Act, 2013.
5. We have not issued any equity share (including bonus shares) by capitalizing any revaluation reserves.
6. **Issue of Shares in the preceding two years**

Following Equity Shares were issued by our Company in the preceding two years:

| Date of Allotment | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Nature / Reason of Allotment | Nature of Consideration |
|-------------------|----------------------|----------------|-----------------|------------------------------|-------------------------|
| May 27, 2023      | 1,16,458             | 10             | 340             | Further Issue                | Cash                    |
| July 18, 2023     | 43,15,206            | 10             | Nil             | Bonus Issue                  | Nil                     |

7. **Issue of Equity Shares in the last one year at a Price lower than the Offer Price:**

Other than as mentioned below, Equity Shares were issued in last one year immediately preceding the date of the Prospectus at a price which is lower than the Offer Price.

| Date of Allotment | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Nature / Reason of Allotment | Nature of Consideration |
|-------------------|----------------------|----------------|-----------------|------------------------------|-------------------------|
| July 18, 2023     | 43,15,206            | 10             | Nil             | Bonus Issue                  | Nil                     |

8. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Scheme 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.
9. As on the date of the Prospectus, our Company does not have any preference share capital.
10. **Build Up of our Promoters' Shareholding, Promoters' Contribution and Lock-In**

As on the date of this Prospectus, our Promoters hold 38,16,800 Equity Shares, constituting 77.39% of the pre-issued, subscribed, and paid-up Equity Share capital of our Company.

a) **Build-up of our Promoters' shareholding in our Company**

| Date of Allotment / Transfer | Nature of acquisition (Allotment/ Acquired/ transfer) | Number of Equity Shares | Face Value per Equity | Issue Price /Acquisition Price / Transfer | Nature of Consideration | Percentage of Pre-Issue Equity Share | Percentage of Post-Issue Equity Share |
|------------------------------|---|-------------------------|-----------------------|---|-------------------------|--------------------------------------|---------------------------------------|
|------------------------------|---|-------------------------|-----------------------|---|-------------------------|--------------------------------------|---------------------------------------|

|                            |   |                  | Share<br>(in ₹) | price per<br>Equity<br>Share (in<br>₹) |                       | Capital<br>(%) | Capital<br>(%) |
|----------------------------|---|------------------|-----------------|--|-----------------------|----------------|----------------|
| <b>B. Manjunath Mallya</b> |   |                  |                 |  |                       |                |                |
| Incorporation              | Subscribers to MOA  | 49,000           | 100             | 100                                    | Cash                  | -              | -              |
| March 27,<br>2023          | Sub-division of Rs. 100 face<br>value 1 share into Rs. 10<br>face value 10 shares | 4,90,000         | 10              | N.A.                                   | N.A.                  | 9.94           | 7.32           |
| March 29,<br>2023          | Transfer *  | -500             | 10              | 25.09                                  | Cash                  | -0.01          | -0.01          |
| May 27,<br>2023            | Transfer by way of Gift**   | -2,69,225        | 10              | Nil                                    | Other<br>than<br>Cash | -5.46          | -4.02          |
| July 18,<br>2023           | Bonus Issue   | 15,41,925        | 10              | Nil                                    | Other<br>than<br>Cash | 31.27          | 23.02          |
|                            | <b>Total – A</b>  | <b>17,62,200</b> |                 |  |                       | <b>35.73</b>   | <b>26.31</b>   |
| <b>Shobitha Malya</b>      |   |                  |                 |  |                       |                |                |
| Incorporation              | Subscribers to MOA  | 1,000            | 100             | 100                                    | Cash                  | -              | -              |
| March 27,<br>2023          | Sub-division of Rs. 100 face<br>value 1 share into Rs. 10<br>face value 10 shares | 10,000           | 10              | N.A.                                   | N.A.                  | 0.20           | 0.15           |
| July 18,<br>2023           | Bonus Issue   | 70,000           | 10              | Nil                                    | Other<br>than<br>Cash | 1.42           | 1.05           |
|                            | <b>Total – B</b>  | <b>80,000</b>    |                 |  |                       | <b>1.62</b>    | <b>1.19</b>    |
| <b>Sneha Vinayak Kudva</b> |   |                  |                 |  |                       |                |                |
| March 29,<br>2023          | Acquired***   | 100              | 10              | 25.09                                  | Cash                  | Negligible     | Negligible     |
| May 27,<br>2023            | Acquired by way of<br>Gift*****   | 1,71,325         | 10              | Nil                                    | Other<br>than<br>Cash | 3.47           | 2.56           |
| July 18,<br>2023           | Bonus Allotment   | 11,99,975        | 10              | Nil                                    | Other<br>than<br>Cash | 24.33          | 17.92          |
| September<br>05, 2023      | Transfer *****  | (1,80,000)       | 10              | 75.00                                  | Cash                  | -3.64          | -2.69          |
|                            | <b>Total – C</b>  | <b>11,91,400</b> |                 |  |                       |                |                |
| <b>Yogish Mallya</b>       |   |                  |                 |  |                       |                |                |
| May 27, 2023               | Acquired by way of Gift**   | 97,900           | 10              | Nil                                    | Other<br>than<br>Cash | 1.99           | 1.46           |
| July 18,<br>2023           | Bonus Issue   | 6,85,300         | 10              | Nil                                    | Other<br>than<br>Cash | 13.90          | 10.23          |
|                            | <b>Total – D</b>  | <b>7,83,200</b>  |                 |  |                       | <b>15.89</b>   | <b>10.23</b>   |
|                            |   |                  |                 |  |                       |                |                |
|                            | <b>Grand Total – (A+B+C+D)</b>  | <b>38,16,800</b> |                 |  |                       | <b>77.39</b>   | <b>56.98</b>   |

\* Transfer of 100 Equity Shares each to Vinayak Gopalkrishna Kudva, Santosh Gopalkrishna Kudva, Sneha Vinayak Kudva, Smita Subramanyam Kudva and Deep Omprakash Shukla.

\*\* Transfer of 97,900 Equity Shares to Yogish Mallya and 1,71,325 Equity Shares to Sneha Vinayak Kudva by way of Gift.

\*\*\*Transfer from B Manjunath Mallya to Sneha Vinayak Kudva.

\*\*\*\*Transfer from B Manjunath Mallya to Sneha Vinayak Kudva by way of Gift.

\*\*\*\*\*Transfer to Mr. Ramnath Patil- 30000 Equity Shares, Mrs. Sarita Patil-20000 Equity Shares; Mr. Saeed Attar- 20000 Equity Shares; Mrs. Kanchan Karad-20000 Equity Shares; Mr. Shrirsh Aradwad-10000 Equity Shares; Mrs. Prerena Aradwad-10000 Equity Shares; Mr. Mihir Narvekar-10000 Equity Shares; Mr. Mukesh Thumar-10000 Equity Shares; Mr. Dharamraj Mahale-10000 Equity Shares; Mr. Devang Trivedi-10000 Equity Shares; Mr. Jigar Trivedi-10000 Equity Shares; Mr. Amit Langote--10000 Equity Shares; Mr. Ratanlal Agrawal-10000 Equity Shares.

Our Promoters have confirmed to the Company and the Lead Manager that the acquisition of the Equity Shares forming part of the Promoters' Contribution has been financed from personal funds/internal accruals and no financial assistance from any banks or financial institution has been availed by our Promoters for this purpose. All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares. As on the date of this Prospectus, none of the Equity Shares held by our Promoters are pledged.

b) *Details of Promoter's Contribution Locked-in for Three Years*

Pursuant to Regulations 236 and 238 of the SEBI (ICDR) Regulations, an aggregate of atleast 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters shall be provided towards minimum promoters' contribution and locked-in for a period of three years from the date of Allotment ("**Minimum Promoters' Contribution**"). Details of the Equity Shares (eligible for inclusion in the Minimum Promoters' Contribution, in terms of Regulation 33 of the SEBI (ICDR) Regulations) forming part of Minimum Promoters' Contribution and proposed to be locked-in for a period of three years are as follows:

| Date of Allotment / Transfer | Nature of acquisition (Allotment/ Acquired/ transfer) | Number of Equity Shares | Face Value per Equity Share (in ₹) | Issue Price /Acquisition Price / Transfer price per Equity Share (in ₹) | Nature of Consideration | Percentage of Pre-Offer Equity Share Capital (%) | Percentage of Post-Offer Equity Share Capital (%) |
|------------------------------|---|-------------------------|------------------------------------|---|-------------------------|--|---|
| <b>B. Manjunath Mallya</b>   |   |                         |                                    |   |                         |  |   |
| July 18, 2023                | Bonus Issue   | 12,70,000               | 10                                 | Nil   | Nil                     | 25.75%   | 18.96%  |
| <b>Shobitha Malya</b>        |   |                         |                                    |   |                         |  |   |
| July 18, 2023                | Bonus Issue   | 70,000                  | 10                                 | Nil   | Nil                     | 1.42%  | 1.05%   |
|                              |   |                         |                                    |   |                         |  |   |
| <b>Total</b>                 |   | <b>13,40,000</b>        |                                    |   |                         | <b>27.17%</b>                                    | <b>20.01%</b>                                     |

Our Promoters have granted consent to include such number of Equity Shares held by him as may constitute atleast 20% of the post Offer Equity Share capital of our Company as Minimum Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Minimum Promoters' Contribution from the date of filing of this Prospectus until the commencement 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.

In terms of Regulation 237 of the SEBI (ICDR) Regulations, 2018, we confirm that the Minimum Promoters' Contribution of 20% of the Post Offer Capital of our Company as mentioned above does not consist of;

- Equity Shares acquired during the preceding three years for;
  - consideration other than cash and revaluation of assets or capitalization of intangible assets is involved in such transaction;
  - resulting from a bonus issue by utilization of revaluation reserves or unrealized profits of the company or from bonus issue against equity shares which are ineligible for minimum Promoters' contribution;
- The Equity Shares held by the Promoters and offered for Minimum Promoters' contribution which are subject to any pledge with any creditor;

- Equity Shares acquired by Promoters during the preceding one year at a price lower than the price at which equity shares are being offered to public in the Initial Public offer;
- No Equity shares have been issued to our promoters upon conversion of a partnership firm 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 are ineligible for Minimum Promoters' Contribution.

c) *Equity Shares locked-in for one year*

In addition to Minimum Promoters' Contribution which shall be locked-in for three years, the balance Equity Shares held by Promoters and Others shall be locked in for a period of one year from the date of allotment in the Initial Public Offer as provided in clause (b) of Regulation 238 of the SEBI (ICDR) Regulations, 2018.

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

In terms of Regulation 239 of the SEBI (ICDR) Regulations, 2018, the entire pre-Offer capital held by the Persons other than the Promoters shall be locked in for a period of one year from the date of allotment in the Initial Public Issue.

In terms of Regulation 241 of the SEBI (ICDR) Regulations, 2018, our Company confirms that certificates of Equity Shares which are subject to lock in shall contain the inscription "Non-Transferable" and specify the lock-in period and in case such equity shares are dematerialized, the Company shall ensure that the lock-in is recorded by the Depository.

In terms of Regulation 242 of the SEBI (ICDR) Regulations, 2018, the Equity Shares held by our Promoters and locked in may be pledged as a collateral security for a loan granted by a scheduled commercial bank or public financial institution or a systemically important non-banking finance company or housing finance company, subject to following;

- In case of Minimum Promoters' Contribution, the loan has been granted to the issuer company or its subsidiary (ies) for the purpose of financing one or more of the Objects of the Offer and pledge of equity shares is one of the terms of sanction of the loan.
- In case of Equity Shares held by Promoters in excess of Minimum Promoters' contribution, the pledge of equity shares is one of the terms of sanction of the loan.

However, lock in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the equity shares till the lock in period stipulated has expired.

**Transferability of Locked in Equity Shares:**

In terms of Regulation 243 of the SEBI (ICDR) Regulations, 2018 and subject to provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as applicable;

- The Equity Shares held by our Promoters and locked in as per Regulation 238 of the SEBI (ICDR) Regulations, 2018 may be transferred to another Promoters or any person of the Promoters' Group or to a new promoter(s) or persons in control of our Company, subject to continuation of lock-in for the remaining period with transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated has expired.

The equity shares held by persons other than promoters and locked in as per Regulation 239 of the SEBI (ICDR) Regulations, 2018 may be transferred to any other person (including Promoter and Promoters' Group) holding the equity shares which are locked-in along with the equity shares proposed to be transferred, subject to continuation of lock-in for the remaining period with transferee and such transferee shall not be eligible to transfer them till the lockin period stipulated has expired.

### 11. Our shareholding pattern

Pursuant to Regulation 31 of the SEBI (LODR) Regulations, the holding of specified securities is divided into the following three categories: (a) Promoter and Promoter Group; (b) Public; and (c) Non-Promoter - Non-Public.

| Category<br>(I) | Category of<br>shareholder<br>(II)   | Nos.<br>of<br>shareh<br>olders<br>(III) | No. of fully<br>paid up<br>equity<br>shares held<br>(IV) | No. of<br>Partly<br>paid-up<br>equity<br>shares<br>held<br>(V) | No. of<br>shares<br>underlyi<br>ng<br>Deposito<br>ry<br>Receipts<br>(VI) | Total nos.<br>shares held<br>(VII) =<br>(IV) + (V) +<br>(VI) | Shareholdin<br>g as a % of<br>total no. of<br>shares<br>(calculated<br>as per<br>SCRR,<br>1957)<br>As a % of<br>(A+B+C2)<br>(VIII) | Number of Voting Rights held in each class of<br>securities (XI) |                               |                  |                                       | No. of<br>Shares<br>Underlying<br>Outstanding<br>convertible<br>securities<br>(including<br>Warrants)<br>(X) | Shareholding<br>as a %<br>assuming full<br>conversion of<br>convertible<br>securities (as<br>a % of<br>diluted share<br>capital) As a<br>% of<br>(A+B+C2)<br>(XI) = (VII) +<br>(X) | Number of<br>Locked in<br>shares (XII) |   | Number of<br>Shares pledged<br>or<br>otherwise<br>encumbered<br>(XIII) |   | Number of<br>equity shares<br>held in<br>dematerialized<br>form (XIV) |
|-----------------|--------------------------------------|---|--|--|--|--|--|--|-------------------------------|------------------|---------------------------------------|--|--|--|---|--|---|---|
|                 |                                      |   |  |  |  |  |  | No of Voting Rights  |                               |                  | Total<br>as a<br>% of<br>(A+B<br>+ C) |  |  | No.<br>(a)                             | As a<br>% of<br>total<br>Shares<br>held (b) | No.<br>(a)   | As a<br>% of<br>total<br>Shares<br>held (b) |   |
|                 |                                      |   |  |  |  |  |  | Class<br>Equity  | :<br>Class<br>:prefe<br>rence |                  |                                       |  |  |  |   |  |   |   |
| (A)             | Promoter &<br>Promoter<br>Group      | 7                                       | 38,19,200  | -  | -  | 38,19,200  | 77.44  | 38,19,200  | -                             | 38,19,200        | 77.44                                 | -  | -  | -                                      | -   | -  | -   | 38,19,200   |
| (B)             | Public                               | 53                                      | 11,12,464  | -  | -  | 11,12,464  | 22.56  | 11,12,464  | -                             | 11,12,464        | 22.56                                 | -  | -  | -                                      | -   | -  | -   | 11,12,464   |
| (C)             | Non-<br>Promoter-<br>Non-Public      | -                                       | -  | -  | -  | -  | -  | -  | -                             | -                | -                                     | -  | -  | -                                      | -   | -  | -   | -   |
| (C1)            | Shares<br>underlying<br>DRs          | -                                       | -  | -  | -  | -  | -  | -  | -                             | -                | -                                     | -  | -  | -                                      | -   | -  | -   | -   |
| (C2)            | Shares held<br>by Employee<br>Trusts | -                                       | -  | -  | -  | -  | -  | -  | -                             | -                | -                                     | -  | -  | -                                      | -   | -  | -   | -   |
|                 | <b>Total</b>                         | <b>60</b>                               | <b>49,31,664</b>   | <b>-</b>   | <b>-</b>   | <b>49,31,664</b>   | <b>100.00</b>  | <b>49,31,664</b>   | <b>-</b>                      | <b>49,31,664</b> | <b>100.00</b>                         | <b>-</b>   | <b>-</b>   | <b>-</b>                               | <b>-</b>                                    | <b>-</b>   | <b>-</b>                                    | <b>49,31,664</b>  |

Note: The term “Encumbrance” has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

- Our Company will file the shareholding pattern of our Company in the form prescribed under Regulation 31 of SEBI (LODR) Regulations, one day prior to the listing of the Equity Shares. The shareholding pattern will be uploaded on the website of NSE before commencement of trading of our Equity Shares.
- There are no Equity Shares against which depository receipts have been issued.
- Other than the Equity Shares, there is no other class of securities issued by our Company.



We confirm that none of the members under the ‘public’ category fall within the definition of ‘Promoter’ or ‘Promoter group’ under the SEBI (ICDR) Regulations.

12. The shareholding pattern of our Promoters and Promoter Group before and after the Offer is set forth below:

| Sr. | Particulars                | Pre-Offer        |               | Post-Offer       |               |
|-----|----------------------------|------------------|---------------|------------------|---------------|
|     |                            | No. of Shares    | % Holding     | No. of Shares    | % Holding     |
| a)  | <b>Promoters</b>           |                  |               |                  |               |
|     | B. Manjunath Mallya        | 17,62,200        | 35.732        | 17,62,200        | 26.309        |
|     | Shobitha Malya             | 80,000           | 1.622         | 80,000           | 1.194         |
|     | Yogish Mallya              | 7,83,200         | 15.881        | 7,83,200         | 11.693        |
|     | Sneha Vinayak Kudva        | 11,91,400        | 24.158        | 11,91,400        | 17.787        |
|     | <b>Total - A</b>           | <b>38,16,800</b> | <b>77.394</b> | <b>38,16,800</b> | <b>56.984</b> |
| b)  | <b>Promoter Group</b>      |                  |               |                  |               |
|     | Vinayak Gopalkrishna Kudva | 800              | 0.016         | 800              | 0.012         |
|     | Santosh Gopalkrishna Kudva | 800              | 0.016         | 800              | 0.012         |
|     | Smita Subramanyam Kudva    | 800              | 0.016         | 800              | 0.012         |
|     | <b>Total - B</b>           | <b>2,400</b>     | <b>0.049</b>  | <b>2,400</b>     | <b>0.036</b>  |
|     | <b>Grand Total (A+B)</b>   | <b>38,19,200</b> | <b>77.442</b> | <b>38,19,200</b> | <b>57.019</b> |

13. The average cost of acquisition of or subscription to Equity Shares by our Promoters is set forth in the table below:

| Name of the Promoters | No. of Equity Shares held | Average cost of Acquisition (in ₹) |
|-----------------------|---------------------------|------------------------------------|
| B. Manjunath Mallya   | 17,62,200                 | 2.77                               |
| Shobitha Malya        | 80,000                    | 1.25                               |
| Sneha Vinayak Kudva*  | 11,91,400                 | 0.00                               |
| Yogish Mallya*        | 7,83,200                  | 0.00                               |

\* Cost of acquisition of equity shares is NIL as the shares allotted are either gifted and/or are bonus shares.

14. Other than as disclosed below, none of our Directors or Key Managerial Personnel hold Equity Shares in our Company:

| Sr. No. | Name of shareholder       | Position held        | No. of Equity Shares | % of Issued Capital |
|---------|---------------------------|----------------------|----------------------|---------------------|
| 1.      | B. Manjunath Mallya       | Promoter / Director  | 17,62,200            | 35.73%              |
| 2.      | Shobitha Malya            | Promoter / Director  | 80,000               | 1.62%               |
| 3.      | Yogish Mallya             | Promoter / CFO       | 7,83,200             | 15.89%              |
| 4.      | Ravikant Moreshwar Mhatre | Independent Director | 5,880                | 0.12%               |

#### 15. Major shareholders

The list of our major shareholders and the number of Equity Shares held by them is provided below:

a. List of Shareholders holding 1.00% or more of the Paid-up Capital of the Company as on date of the Prospectus:

| Sr. No. | Name of shareholder  | No. of Equity Shares | % of Issued Capital |
|---------|----------------------|----------------------|---------------------|
| 1.      | B. Manjunath Mallya  | 17,62,200            | 35.73               |
| 2.      | Sneha Vinayak Kudva  | 11,91,400            | 24.16               |
| 3.      | Yogish Mallya        | 7,83,200             | 15.88               |
| 4.      | Ajit Sakharam Kandar | 1,17,640             | 2.39                |
| 5.      | Shobitha Malya       | 80,000               | 1.62                |
| 6.      | Usha Shankkar Bhoite | 58,816               | 1.19                |
| 7.      | Deepak Kumar Mohanty | 58,816               | 1.19                |

|    |                              |        |      |
|----|------------------------------|--------|------|
| 8. | Prashant Daulatrao Pawar     | 58,816 | 1.19 |
| 9. | Parasmal Babulal Solanki HUF | 56,464 | 1.14 |

- b. List of Shareholders holding 1.00% or more of the Paid-up Capital of the Company as on date two years prior to the date of the Prospectus:

| Sr. No. | Name of shareholder | No. of Equity Shares | % of Issued Capital |
|---------|---------------------|----------------------|---------------------|
| 1.      | B. Manjunath Mallya | 49,000*              | 98.00%              |
| 2.      | Shobitha Malya      | 1,000*               | 2.00%               |

\* Face value of Rs. 100 each

- c. List of Shareholders holding 1.00% or more of the Paid-up Capital of the Company as on date one year prior to the date of the Prospectus:

| Sr. No. | Name of shareholder | No. of Equity Shares | % of Issued Capital |
|---------|---------------------|----------------------|---------------------|
| 1.      | B. Manjunath Mallya | 49,000*              | 98.00%              |
| 2.      | Shobitha Malya      | 1,000*               | 2.00%               |

\* Face value of Rs. 100 each

- d. List of Shareholders holding 1.00% or more of the Paid-up Capital of the Company as on date ten days prior to the date of the Prospectus:

| Sr. No. | Name of shareholder          | No. of Equity Shares | % of Issued Capital |
|---------|------------------------------|----------------------|---------------------|
| 1.      | B. Manjunath Mallya          | 17,62,200            | 35.73               |
| 2.      | Sneha Vinayak Kudva          | 11,91,400            | 24.16               |
| 3.      | Yogish Mallya                | 7,83,200             | 15.88               |
| 4.      | Ajit Sakharam Kandar         | 1,17,640             | 2.39                |
| 5.      | Shobitha Malya               | 80,000               | 1.62                |
| 6.      | Usha Shankkar Bhoite         | 58,816               | 1.19                |
| 7.      | Deepak Kumar Mohanty         | 58,816               | 1.19                |
| 8.      | Prashant Daulatrao Pawar     | 58,816               | 1.19                |
| 9.      | Parasmal Babulal Solanki HUF | 56,464               | 1.14                |

16. There will be no further issue of capital, 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 this Prospectus until the Equity Shares have been listed. Further, our Company presently does not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Offer, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for acquisition or participation in such joint ventures.

17. None of our Promoters, members of our Promoter Group or our Directors or their immediate relatives have sold or purchased Equity Shares by any other person during the six months immediately preceding the date of this Prospectus, except as under:

| Date of Transaction        | Nature of Transaction (Acquired/ transfer) | Number of Equity Shares | Face Value per Equity Share (in ₹) | Acquisition Price / Transfer price per Equity Share (in ₹) | Nature of Consideration |
|----------------------------|--|-------------------------|------------------------------------|--|-------------------------|
| <b>B. Manjunath Mallya</b> |  |                         |                                    |  |                         |
| May 27, 2023               | Transfer by way of Gift*                   | -2,69,225               | 10                                 | Nil  | Other than Cash         |

\* Transfer of 97,900 Equity Shares to Yogish Mallya and 1,71,325 Equity Shares to Sneha Vinayak Kudva by way of Gift. (Both Promoter Group)

| Date of Transaction             | Nature of Transaction (Acquired/ transfer) | Number of Equity Shares | Face Value per Equity Share (in ₹) | Acquisition Price / Transfer price per Equity Share (in ₹) | Nature of Consideration |
|---------------------------------|--|-------------------------|------------------------------------|--|-------------------------|
| <b>Mrs. Sneha Vinayak Kudva</b> |  |                         |                                    |  |                         |
| May 27, 2023                    | Acquired by way of Gift**                  | 1,71,325                | 10                                 | Nil  | Other than Cash         |
| July 18, 2023                   | Bonus Allotment                            | 11,99,975               | 10                                 | Nil  | Other than Cash         |
| September 05, 2023              | Transfer ***                               | (1,80,000)              | 10                                 | 75.00  | Cash                    |

\*\*Transfer from B Manjunath Mallya to Sneha Vinayak Kudva by way of Gift.

\*\*\*Transfer to Mr. Ramnath Patil- 30000 Equity Shares, Mrs. Sarita Patil-20000 Equity Shares; Mr. Saeed Attar- 20000 Equity Shares; Mrs. Kanchan Karad-20000 Equity Shares; Mr. Shrirsh Aradwad-10000 Equity Shares; Mrs. Prerena Aradwad-10000 Equity Shares; Mr. Mihir Narvekar-10000 Equity Shares; Mr. Mukesh Thumar-10000 Equity Shares; Mr. Dharamraj Mahale-10000 Equity Shares; Mr. Devang Trivedi-10000 Equity Shares; Mr. Jigar Trivedi-10000 Equity Shares; Mr. Amit Langote--10000 Equity Shares; Mr. Ratanlal Agrawal-10000 Equity Shares.

18. There have been no financial arrangements whereby our Promoters, Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, during a period of six months preceding the date of this Prospectus, other than in the normal course of business of the financing entity.
19. Our Company, our Promoters, our Directors and the Lead Manager to this Offer have not entered into any buy-back and/or standby or similar arrangements with any person for purchase of our Equity Shares issued by our Company through this Prospectus.
20. There are no safety net arrangements for this public Offer.
21. An oversubscription to the extent of 10% of the Net Offer can be retained for the purposes of rounding off to the minimum allotment lot and multiple of one share thereafter, while finalizing the Basis of Allotment. Consequently, the actual allotment may go up by a maximum of 10% of the Net Offer as a result of which, the post-Offer paid up capital after the Offer 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 Offer paid-up capital is locked in for 3 years.
22. Under-subscription in the net Offer, 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 Lead Manager and the NSE.
23. As on the date of filing of this Prospectus, there are no outstanding warrants, options, or rights to convert debentures, loans, or other financial instruments into our Equity Shares.
24. All the Equity Shares of our Company are fully paid up as on the date of this Prospectus. Further, since the entire money in respect of the Offer is being called on application, all the successful applicants will be issued fully paid-up equity shares.
25. As per RBI regulations, OCBs are not allowed to participate in this Offer.
26. Our Company has not raised any bridge loan against the proceeds of this Offer. However, depending on business requirements, we might consider raising bridge financing facilities, pending receipt of the Net Proceeds.
27. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
28. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.

29. No payment, direct or indirect in the nature of discount, commission, allowances or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Offer.
30. We have 55 (Fifty-Five) Shareholders as on the date of this Prospectus.
31. Our Promoters and the members of our Promoter Group will not participate in this Offer.
32. Our Promoter and members of our Promoter Group will not receive any proceeds from the Offer.
33. Our Company has not made any public issue since its incorporation.
34. As on the date of this Prospectus, the Lead Manager and their respective associates (determined as per the definition of ‘associate company’ under Section 2(6) of the Companies Act, 2013) do not hold any Equity Shares in our Company. The Lead Manager and their respective affiliates may engage in 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.
35. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing this Prospectus and the Offer Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
36. For the details of transactions by our Company with our Promoter Group, Group Companies please refer to paragraph titled “*Statement of Transactions with Related Parties, as Restated*” in ‘*Financial Statements*’ on page 114.

## OBJECTS OF THE OFFER

The Offer comprises of a Fresh Issue by our Company.

### Fresh Issue

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

1. Funding additional Working capital requirements;
2. General Corporate Purposes

We believe that listing will enhance our corporate image and visibility of brand name of our Company. We also believe that our Company will receive the benefits from listing of Equity Shares on the Emerge Platform of NSE. It will also provide liquidity to the existing shareholders and will also create a public trading market for the Equity Shares of our Company.

The main object clause of Memorandum of Association of our Company enables us to undertake the activities for which the funds are being raised by us through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our Memorandum of Association. For the main objects clause of our Memorandum of Association, see “*History and Certain Corporate Matters*” on page 93.

### Net Proceeds

The details of the proceeds of the Fresh Issue are summarized in the table below:

| S. No. | Particulars   | Amount (₹ in lakhs) |
|--------|---|---------------------|
| 1.     | Gross Proceeds from the Fresh Issue                     | 1,607.42            |
| 2.     | Offer Expenses  | 57.42               |
|        | <b>Net Proceeds of the Fresh Issue (“Net Proceeds”)</b> | <b>1,550.00</b>     |

### Utilisation of Net Proceeds and Means of Finance

The proposed utilisation of the Net Proceeds is set forth below:

| S. No. | Object  | Amount Proposed to be Utilised from the Net Proceeds (₹ in lakhs) |
|--------|---|---|
| 1.     | Funding additional working capital requirements | 1,150.00  |
| 2.     | General Corporate Purposes                      | 400.00  |
|        | <b>Total</b>                                    | <b>1,550.00</b>   |

*Since the entire fund requirement are to be funded from the proceeds of the Fresh Issue, 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.*

### Requirement of Funds and Means of Finance

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan and management estimates and have not been appraised by any bank, financial institution or any other external agency. Given the dynamic nature of our business, we may have to revise our business plan from time to time and consequently our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors such as market conditions, competitive environment, costs of commodities and interest/ exchange rate fluctuations which may not be within the control of our management.

In case of variations in the actual utilisation of funds earmarked for the purpose set forth above or shortfall in the Net Proceeds, increased fund requirement may be financed by our internal accruals and/ or debt, as required. If the actual utilisation towards the said Object is lower than the proposed deployment such balance will be used for 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 Issue.

## Details of the Objects of the Fresh Issue

### 1. Funding Additional Working Capital Requirements

Our business is working capital intensive and we fund a majority of our working capital requirements in the ordinary course of our business from banks, financial institutions and our internal accruals.

#### (a) Existing Working Capital:

Our Company's existing working capital based on the Restated Financial Information is stated below:

(₹ in lakhs)

| Particulars  | 31-Mar-21     |             | 31-Mar-22     |             | 31-Mar-23     |             |
|--|---------------|-------------|---------------|-------------|---------------|-------------|
|  | Actuals       | No. of Days | Actuals       | No. of Days | Actuals       | No. of Days |
| <b>Current Assets</b>                              |               |             |               |             |               |             |
| Inventories  | 79.08         | 8           | 111.04        | 13          | 107.50        | 10          |
| Trade Receivables                                  | 171.37        | 16          | 75.50         | 9           | 99.85         | 9           |
| Short Term Loans & Advances and Others             | 33.19         |             | 68.25         |             | 14.21         |             |
| <b>Total</b>                                       | <b>283.64</b> |             | <b>254.79</b> |             | <b>221.56</b> |             |
|  |               |             |               |             |               |             |
| <b>Current Liabilities</b>                         |               |             |               |             |               |             |
| Trade payables                                     | 19.83         | 2           | 14.70         | 2           | 37.96         | 4           |
| Other Current Liabilities & Provisions             | 23.31         |             | 9.41          |             | 28.93         |             |
| <b>Total</b>                                       | <b>43.14</b>  |             | <b>24.11</b>  |             | <b>66.89</b>  |             |
| <b>Working Capital Gap</b>                         | <b>240.50</b> |             | <b>230.68</b> |             | <b>154.67</b> |             |
| Less: Existing Borrowings                          | 142.67        |             | 154.11        |             | 170.00        |             |
| <b>Net Working Capital Requirement</b>             | <b>97.83</b>  |             | <b>76.57</b>  |             | <b>-15.33</b> |             |
| <b>Funded through Internal Accruals and Equity</b> | <b>97.83</b>  |             | <b>76.57</b>  |             | <b>-15.33</b> |             |

#### (b) Future Working Capital Requirements

Our Company proposes to utilize ₹1,150 lakhs of the Net Proceeds for our working capital requirements. This will be utilized during Fiscal 2024 and Fiscal 2025 towards our Company's working capital requirements. The balance portion of our Company working capital requirement, if any, shall be met from the working capital facilities availed and internal accruals. The incremental and proposed working capital requirements and key assumptions with respect to the determination of the same are mentioned below. Our Company's expected working capital requirements for Fiscal 2024 & Fiscal 2025 and the proposed funding of such working capital requirements are as set out in the table below:

(₹ in lakhs)

| Particulars  | 31-Mar-24     |             | 31-Mar-25      |             |
|--|---------------|-------------|----------------|-------------|
|  | Estimated     | No. of Days | Estimated      | No. of Days |
| <b>Current Assets</b>                                |               |             |                |             |
| Inventories  | 373.08        | 21          | 669.70         | 21          |
| Trade Receivables                                    | 384.62        | 21          | 690.41         | 21          |
| Short Term Loans & Advances and Other Current Assets | 100.00        |             | 125.00         |             |
| <b>Total</b>   | <b>857.69</b> |             | <b>1485.11</b> |             |
|  |               |             |                |             |
| <b>Current Liabilities</b>                           |               |             |                |             |
| Sundry Creditors                                     | 71.06         | 4           | 127.56         | 4           |
| Other Current Liabilities & Provisions               | 36.63         |             | 37.55          |             |

|   |               |  |                |  |
|---|---------------|--|----------------|--|
| <b>Total</b>  | <b>107.69</b> |  | <b>165.11</b>  |  |
| Working Capital Gap                                   | <b>750.00</b> |  | <b>1320.00</b> |  |
| Less: Existing Bank Borrowings                        | 170.00        |  | 170.00         |  |
| <b>Net Working Capital Requirement</b>                | <b>580.00</b> |  | <b>1150.00</b> |  |
| <b>Proposed Working Capital to be funded from IPO</b> | <b>580.00</b> |  | <b>570.00</b>  |  |
| Funded through Internal Accruals and Equity           | <b>0.00</b>   |  | <b>580.00</b>  |  |

The working capital projections made by the Company are based on certain key assumptions, as set out below:

| Sr. No.   | Particulars  | Assumptions  |
|---|--|--|
| <b>Revenue Assumption for FY 2024 and FY 2025</b> |  |  |
|   | <b>Sales</b>   | We have assumed Sales from existing activities to grow by 15% in FY 2024 as well as FY 2025. Apart from that there will be further growth in Sales, from addition of Hindustan Unilever Limited (HUL) distribution agency from September 2023, during FY 2024 and FY 2025. We also expect to add new distributorship once IPO money is available and that also will add to our Sales going forward. In all we would be serving approximately 900 – 1000 stores with products of 3-4 FMCG Companies as we increase our geographical reach and add more distributorship, which will help us achieve our Sales target. The main reason for increase in working capital requirement is assumption of offering higher credit period to customers from existing 10-12 days to 21 days going forward to increase sales for the products of new suppliers added / expected to be added by us as disclosed in the above.  |
| <b>Current Assets</b>                             |  |  |
| 1   | Inventories:   | In order to achieve large volume, facilitating delivery on call and migrating to next orbit of growth, we need to maintain higher inventory levels. In Fiscal 2021, 2022 and 2023 our inventory days were 8 days, 13 days and 10 days respectively.<br><br>We have also assumed that we will be maintaining higher inventory at 21 days for the Fiscal 2024 & Fiscal 2025 as against 9 days during FY 2023 to meet with the market demands, our growth requirements and demand of new products of new suppliers as their products are not only of daily consumption but also includes Beauty & wellbeing products, personal care products as well as home care products which we need to store for longer period vis-à-vis tobacco and food products which we have dealt in past.  |
| 2   | Trade receivables                                      | In Fiscal 2021, 2022 and 2023 our receivable days were 16 days, 9 days and 9 days respectively. We have added one of the largest FMCG MNC supplier in India for whom we started distributing Beauty & wellbeing, Nutrition, Personal care & Home care products which are not daily sales products and for that we need to provide more credits to our customers. Our turnover increase during FY 2023 is mainly contributed due to increase in Tobacco products Sales. The fact that tobacco products are very fast-moving goods and is sold on very limited credit period hence working capital requirement from Inventory and Sundry Debtors have increased just by Rs. 20.81 Lakhs during FY 2023.<br><br>Due to the business growth, catering to more Companies for distributing their products and the need for increasing the sales volume we need to provide more credits and accordingly we have estimated receivables to be at 21 days for Fiscal 2024 & Fiscal 2025. |
| 3   | Short term Loans and advances and Other current assets | The key items under this head are advance to staff / suppliers, advance taxes, security deposit with statutory authorities, prepaid expenses etc. Further, we have received back Rs. 43.65 Lakhs advance given to M/s. Shanthala Enterprises, which was outstanding during FY 2022. The segregation of distribution business of kushal nagar as one of the reasons for decrease in working capital requirement during FY 2023 over FY 2022. The said loans and advances were repaid during FY 2023 by M/s. Shanthala Enterprises accordingly our requirements of working capital for “Short Term Loans & Advances and Others” went down by Rs. 54.04 Lakhs Considering above 2 points, working capital requirement coming from Current Assets reduced by an overall amount of Rs. 33.23  |

|                            |   |  |
|----------------------------|---|--|
|                            |   | Lakhs despite increase in turnover and sundry debtors' amount due to reduction in "Short Term Loans & Advances and Others.   |
| <b>Current Liabilities</b> |   |  |
| 4                          | Trade payables                                      | Our trade payables have been for 2 days, 2 days and 4 days for Fiscal 2021, 2022 and 2023 respectively as we cater to large FMCG Companies from whom we have to buy their products almost on cash basis. As visible from the above, availment of higher credit period from suppliers during FY 2023 as compared to earlier years has reduced working capital requirement by Rs. 23.26 Lakhs in FY 2023.<br>Accordingly, we estimate to maintain payables at 4 days for Fiscal 2024 & Fiscal 2025.  |
| 5                          | Other current liabilities and Short term provisions | Other current liabilities include provisions, statutory dues, expenses payable etc. and Short term provisions include Income tax provision. The reason for decrease in Short Term loans and Advances is due to repayment of outstanding money by Shanthala Enterprises during FY 2023 and the reason for increase in Current Liabilities and Provisions is higher provision of Income tax in line with increase in profitability of the Company.<br>In FY 2023, there was an increase of Rs. 19.52 Lakhs in "Other Current Liabilities & Provisions" which was mainly due to increase of Income Tax provision by Rs. 15.31 Lakhs which has contributed to reduction in working capital requirement. Considering all the above reasons, our working capital requirements during FY 2023 compared to FY 2022 has reduced by Rs. 76.01 Lakhs. |

## 2. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹400.00 lakhs towards general corporate purposes. The general corporate purposes for which our Company proposes to utilise the Net Proceeds include but are not limited to funding growth opportunities, strategic initiatives, joint-ventures, partnerships, marketing and business development expenses, expansion of facilities and meeting exigencies and expenses incurred by our Company in the ordinary course of business. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure (in the ordinary course of business) considered expedient and as approved periodically by the Board, subject to compliance with 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 business requirements of our Company, from time to time. Our Company's management, in accordance with the policies of the Board, shall have flexibility in utilising surplus amounts, if any. However, we confirm that the amount for general corporate purposes, as mentioned in objects of the issue, shall not exceed 25% of the fresh issue amount raised by our Company.

## Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹57.42 lakhs. The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses and legal fees, if applicable. The estimated Offer expenses are as follows:

(₹ in lakhs)

| Activity  | Estimated expenses* | As a % of the total estimated Offer expenses | As a % of the total Offer size |
|---|---------------------|--|--------------------------------|
| Payment to Merchant Banker including, underwriting, and selling commissions, brokerages, Advisors to the Company, payment to other intermediaries such as Legal Advisors, Registrars etc. and other out of pocket expenses, Brokerage and selling commission <sup>(1)</sup> | 35.00               | 70.00%                                       | 2.18%                          |
| Advertising and marketing expenses  | 8.42                | 10.00%                                       | 0.52%                          |
| Printing and stationery expenses, distribution, and postage   | 4.00                | 6.00%  | 0.25%                          |
| Regulatory and other expenses including Listing Fee   | 10.00               | 14.00%                                       | 0.62%                          |
| <b>Total estimated Issue expenses</b>   | <b>57.42</b>        | <b>100.00%</b>                               | <b>3.57%</b>                   |

<sup>(1)</sup>The SCSBs and other intermediaries will be entitled to processing fees of ₹ 10 per Application form for which allotment is done.

## Schedule of implementation



The entire amount of Fresh Issue Proceeds will be utilised during FY 2024 & Fiscal 2025 as details below in the section “Details of balance fund deployment”.

### Deployment of Funds in the Objects

Our Company has incurred Rs. 16.16 Lakhs towards IPO expenditure on the Objects till August 13, 2023, the same is certified by M/s. Kale Malde & Co., Chartered Accountants vide their certificate dated October 16, 2023.

### Details of balance fund deployment

| (₹ in Lakhs) |                                      |  |                 |               |                 |
|--------------|--------------------------------------|--|-----------------|---------------|-----------------|
| Sr. No.      | Particulars                          | Expenses Already Incurred till June 30, 2023 | FY 2024         | FY 2025       | Total           |
| 1            | Funding Working capital requirements | Nil  | 580.00          | 570.00        | 750.00          |
| 2            | General Corporate Purposes           | Nil  | 400.00          | 0.00          | 400.00          |
| 3            | Issue Related Expenses               | 16.16  | 41.26           | 0.00          | 57.42           |
|              | <b>Total</b>                         | <b>16.16</b>                                 | <b>1,021.26</b> | <b>570.00</b> | <b>1,607.42</b> |

### Interim Use of Funds

Pending utilization for the purposes described above, we undertake to temporarily deposit the funds from the Net Proceeds only in the scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, for the necessary duration. 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 the equity shares of any other listed company.

### Appraisal Report

None of the objects for which the Net Proceeds from the Issue will be utilised have been appraised by any financial institutions/banks.

### Bridge Loan

As of the date of this Prospectus, our Company has not raised any bridge loans which are required to be repaid from the Net Proceeds. However, depending on its business requirements, our Company may consider raising bridge financing facilities, pending receipt of the Net Proceeds.

### Monitoring of Utilization of Funds

As the size of the Offer will not exceed Rs.10,000 Lakhs, the appointment of Monitoring Agency would not be required as per Regulation 262(1) of the SEBI ICDR Regulations. Our Board and the management will monitor the utilization of the Net Offer Proceeds through our audit committee. Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall on half-yearly basis disclose to the Audit Committee the Application of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full.

### Variation 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 Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013.

Pursuant to the Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Issue at the fair market value of the Equity Shares as on the date of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Prospectus, in accordance with such terms and conditions as may be specified on this behalf by SEBI.

### **Other Confirmations**

No part of the Net Proceeds of the Issue will be utilized by our Company as consideration to our Promoters, members of the Promoter Group, Directors, Group Entities, or key management personnel. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with Promoters, Directors, key management personnel, associates, or Group Entities in relation to the utilization of the Net Proceeds of the Issue.

## BASIS FOR OFFER PRICE

The Offer Price is determined by our Company in consultation with the Lead Manager. The financial data presented in this section are based on our Company's restated financial statements. Investors should also refer to the sections titled 'Risk Factors' and 'Financial Information' on pages 18 and 114, respectively, to get a more informed view before making the investment decision.

### Qualitative Factors

For details of Qualitative factors please refer to the paragraph "Our Competitive Strengths" in "Our Business" beginning on page 80.

### Quantitative Factors (Based on Standalone Financial Statements)

#### 1. Basic & Diluted Earnings Per Share (EPS):

| Period                  | Basic and Diluted EPS (₹)** | Weights |
|-------------------------|-----------------------------|---------|
| FY 2023                 | 3.55                        | 3       |
| FY 2022                 | 0.90                        | 2       |
| FY 2021                 | 2.88                        | 1       |
| <b>Weighted Average</b> | <b>2.55</b>                 |         |
| August 31, 2023         | 1.06                        |         |

\*Not Annualised but adjusted for face value to make it par at Rs. 10, which was Rs. 100 for FY 2021 and 2022 and Rs. 10 for FY 2023

Notes:

1. Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share', notified under Section 133 of Companies Act, 2013 read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.
2. Basic Earnings per share = Net profit/(loss) after tax, as restated attributable to equity shareholders /Weighted average number of shares outstanding during the year/ period.
3. Diluted Earnings per share = Net profit after tax, as restated / Weighted average number of diluted equity shares outstanding during the year/ period.
4. The figures disclosed above are based on the Restated Consolidated Financial Statements of our Company.

#### 2. Price to Earnings (P/E) ratio in relation to Issue Price of ₹ 91.00:

- a. Based on the basic and diluted EPS of ₹3.55 as per restated financial statements for the FY 2023, the P/E ratio is 25.66.
- b. Based on the weighted average EPS of ₹2.55, as per restated financial statements the P/E ratio is 35.62.
- c. Based on the basic and diluted EPS of ₹1.06 as per restated financial statements for the period ended August 31, 2023, the P/E ratio is 85.70.
- d. Industry P/E: Our Company is engaged in the distribution of FMCG products for few of the largest FMCG Companies in India. There are no listed companies in India which are engaged in the similar business to ours, accordingly these data cannot be ascertained.

#### 3. Return on Net Worth

| Period                  | Return on Net Worth (%) | Weights |
|-------------------------|-------------------------|---------|
| FY 2023                 | 12.38%                  | 3       |
| FY 2022                 | 3.60%                   | 2       |
| FY 2021                 | 11.91%                  | 1       |
| <b>Weighted Average</b> | <b>9.38%</b>            |         |
| August 31, 2023         | 1.85%                   |         |

#### 4. Minimum Return on increased Net Worth required to maintain pre-Issue EPS.

The minimum return on increased net worth required maintaining pre-Issue EPS:

A) Based on weighted average EPS of ₹2.55

At the Issue Price of ₹91: 7.97% based on restated financial statements.

B) Based on Basic and Diluted EPS for the FY 2023 of ₹3.55

At the Issue Price of ₹91: 11.06% based on restated financial statements.

C) Based on Basic and Diluted EPS for the period ended August 31, 2023 of ₹1.06

At the Issue Price of ₹91: 3.31% based on restated financial statements.

#### 5. Net Asset Value per Equity Share

- FY 2023 ₹28.64
- August 31, 2023 ₹57.47
- NAV per Equity Share after the Issue is : ₹32.05
- Issue Price per Equity Share is: ₹91.00

#### 6. Peer Competitors - Comparison of Accounting Ratios

| Name of the Company | CMP*<br>(₹) | Face Value<br>(₹) | EPS<br>(₹) | P/E#<br>Ratio | RONW<br>(%) | NAV<br>(₹) | Price /<br>NAV |
|---------------------|-------------|-------------------|------------|---------------|-------------|------------|----------------|
| SHANTHALA**         | 91.00       | 10                | 3.55       | 25.66         | 12.38%      | 28.64      | 3.18           |
| SHANTHALA***        | 91.00       | 10                | 1.06       | 85.70         | 1.85%       | 57.47      | 1.58           |

\* CMP is Issue Price for Shanthala

\*\*Shanthala financials are based on March 31, 2023

\*\*\*Shanthala financials are based on March 31, 2023

Our Company is engaged in the distribution of FMCG products for few of the largest FMCG Companies in India. There are no listed companies in India which are engaged in the similar business to ours, accordingly these data cannot be ascertained.

#### 7. Key Operational and Financial 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 in comparison to our peers.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated October 16, 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 Prospectus. Further, the KPIs herein have been certified by M/s. Kale Malde & Co, Chartered Accountants, by their certificate dated October 16, 2023.

The KPIs of our Company have been disclosed in the sections titled “Our Business” beginning on page 80. We have described and defined the KPIs, as applicable, in “Definitions and Abbreviations” beginning on page 1.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Offer 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.

#### 8. Financial KPIs of our Company

9. (*₹ in lakhs, except for percentage*)

| Particulars                          | 31.08.2023 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--------------------------------------|------------|-------------|-------------|-------------|
| Total Revenue                        | 1,585.58   | 4,077.25    | 3,254.57    | 3,955.67    |
| EBITDA <sup>(1)</sup>                | 30.42      | 68.95       | 47.99       | 65.46       |
| EBITDA margin (%) <sup>(2)</sup>     | 1.92       | 1.69        | 1.47        | 1.65        |
| PAT                                  | 10.15      | 17.73       | 4.52        | 14.41       |
| PAT Margin (%)                       | 0.64       | 0.43        | 0.14        | 0.36        |
| Net Debt <sup>(3)</sup>              | 104.56     | 263.99      | 358.56      | 356.93      |
| Total Equity                         | 493.17     | 50.00       | 50.00       | 50.00       |
| Networth                             | 549.32     | 143.22      | 125.49      | 120.97      |
| RONW (%) <sup>(4)</sup>              | 1.85       | 12.38       | 3.60        | 11.91       |
| EPS (Basic & Diluted) <sup>(5)</sup> | 1.06       | 3.55        | 0.90        | 2.88        |

<sup>(1)</sup>EBITDA = Profit before tax + depreciation & amortization expense + finance cost.

<sup>(2)</sup>EBITDA Margin = EBITDA/ Total income.

<sup>(3)</sup>Net Debt = Non-current borrowing + current borrowing - Cash and cash equivalent, Bank balance, and Investment in Mutual Funds.

<sup>(4)</sup>RONW = Profit after tax / Networth

<sup>(5)</sup>EPS = Net Profit after tax, as restated, attributable to equity shareholders divided by weighted average no. of equity shares outstanding during the year/ period.

## 10. Explanation for KPI metrics

| KPI                     | Explanations   |
|-------------------------|--|
| Revenue from Operations | 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. |
| Total income            | Total income is used by the management to track revenue from operations and other income.  |
| EBITDA                  | EBITDA provides information regarding the operational efficiency of the business.  |
| EBITDA Margin (%)       | EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business.  |
| Net Debt                | Non-current borrowing + current borrowing - Cash and cash equivalent, Bank balance, and Investment in Mutual Funds   |
| PAT                     | Profit after tax provides information regarding the overall profitability of the business.   |
| PAT Margin (%)          | PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.   |
| Net Worth               | Net worth is used by the management to ascertain the total value created by the entity and provides a snapshot of current financial position of the entity.  |
| RoNW (%)                | RoNW provides how efficiently the Company generates profits from shareholders' funds.  |

## 11. Comparison of key performance of indicators with our listed industry peers:

Our Company is engaged in the distribution of FMCG products for few of the largest FMCG Companies in India. There are no listed companies in India which are engaged in the similar business to ours, accordingly these data cannot be ascertained.

## 12. Weighted average cost of acquisition

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

Other than as mentioned below, there has been no issuance of Equity Shares or convertible securities, during the 18 months period preceding the date of this Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company.

| Date of allotment                                  | No. of equity shares allotted | Face value per equity share (₹) | Issue price per equity share (₹) | Nature of allotment | Nature of consideration | Total Consideration (in ₹ lakhs) |
|--|-------------------------------|---------------------------------|----------------------------------|---------------------|-------------------------|----------------------------------|
| July 18, 2023                                      | 43,15,206                     | 10                              | Nil                              | Bonus Issue         | Other than Cash         | Nil                              |
| <b>Weighted average cost of acquisition (WACA)</b> |                               |                                 |                                  |                     |                         | <b>Nil</b>                       |

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

Other than as mentioned below, there have been no secondary sale / acquisitions of Equity Shares or any convertible securities, 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-offer 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 Allotment / Transfer | Nature of acquisition (Allotment/ Acquired/ transfer) | Number of Equity Shares | Face Value per Equity Share (in ₹) | Issue Price /Acquisition Price / Transfer price per Equity Share (in ₹) | Nature of Consideration | Percentage of Pre Issue Equity Share Capital (%) |
|------------------------------|---|-------------------------|------------------------------------|---|-------------------------|--|
| <b>B. Manjunath Mallya</b>   |   |                         |                                    |   |                         |  |
| May 27, 2023                 | Transfer*   | 2,69,225                | 10                                 | Nil   | Gift                    | 5.46   |

\* Transfer of 97,900 Equity Shares to Yogish Mallya and 1,71,325 Equity Shares to Sneha Vinayak Kudva by way of Gift.

- c) N.A.

- d) Weighted average cost of acquisition, issue price

| Types of transactions  | Weighted average cost of acquisition (₹ per Equity Share) | Issue price (i.e. ₹ 91) |
|--|---|-------------------------|
| Weighted average cost of acquisition of primary / new issue as per paragraph 8(a) above.           | Nil   | NA                      |
| Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above. | Nil   | NA                      |

The face value of Equity Shares of our Company is ₹10 per Equity Share and the Issue price of ₹91 is 9.10 times of the face value.

The Issue Price of ₹91.00 is determined by our Company, in consultation with the Lead Manager is justified based on the above accounting ratios. For further details, please refer to the section titled 'Risk Factors', and chapters titled 'Our Business' and 'Financial Information' beginning on page 18, 80 and 114, respectively of the Prospectus.

## STATEMENT OF TAX BENEFITS

### STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO SHANTHALA FMCG PRODUCTS LIMITED AND IT'S SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To,

**The Board of Directors**

**Shanthala FMCG Products Limited**

7th Block, Gandhinagr Bye Pass Road,

Virajpet, Kodagu - 571218,

Karnataka, India

Dear Sirs,

**Sub:** Statement of Possible Special Tax Benefits ('the Statement') available to Shanthala FMCG Products Limited and its Shareholders prepared in accordance with the requirements under Schedule VI-Clause 9L of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (the 'Regulations')

We hereby confirm that the enclosed annexure, prepared by the Company states the possible special tax benefits available to the Company and the shareholders of the Company under the Income – tax Act, 1961 ("The Act") as amended time to time, 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 Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, the company may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and its Shareholders and do not cover any general tax benefits. Further, these benefits are neither exhaustive nor conclusive and the preparation of the contents stated is the responsibility of the Company's Management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

Our views are based on the existing provisions of the Act and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. Any such change, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue, which may have a material effect on the discussions herein.

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

- The Company or its Shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits, where applicable have been/would be met.

The contents of this annexure 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 and the provisions of the tax laws.

No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change.

We shall not be liable to Company for 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 of intentional misconduct.

The enclosed Annexure is intended solely for your information and for inclusion in the Draft Prospectus/Prospectus or any other issue related material in connection with the proposed issue of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**Signed in terms of our separate report of even date  
For Kale Malde & Co.  
Chartered Accountants**

**SD/-**

**CA Alpesh Malde  
Partner  
Membership No: 138034  
FRN: 154422W**

**Date: July 27, 2023  
Place: Dombivali**

**UDIN: 23138034BGPNNM3034**



## **Annexure**

### **STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

Outlined below are the possible Special tax benefits available to the Company and its shareholders under the Income Tax Act, 1961 presently forced 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 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 UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)**

The Company is entitled to tax benefit under section 35(1)(iv) in respect of any expenditure of a capital nature on scientific research in the field of information technology.

#### **B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)**

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

#### **Notes:**

- 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.
- 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.

## SECTION V: ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section has been extracted from reports publicly available documents and information, including, but not limited to, materials issued or commissioned by the Government of India and certain of its ministries, trade and industry-specific publications and other relevant third-party sources.*

*Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy and completeness are not guaranteed, and their reliability cannot be assured. While the Company has exercised reasonable care in relying on such government, industry, market and other relevant data in this document, it has not been independently verified by the Company or any of its advisors, nor the Lead Manager or any of its respective advisors, and should not be relied on as if it had been so verified.*

### INDIAN ECONOMY OVERVIEW

<https://www.ibef.org/economy/indian-economy-overview>

### INTRODUCTION

Strong economic growth in the first quarter of FY 2022-23 helped India overcome the UK to become the fifth-largest economy after it recovered from repeated waves of COVID-19 pandemic shock. Real GDP in the first quarter of 2022–23 is currently about 4% higher than its corresponding 2019-20, indicating a strong start for India's recovery from the pandemic. Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022–2023. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-September 2022. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.

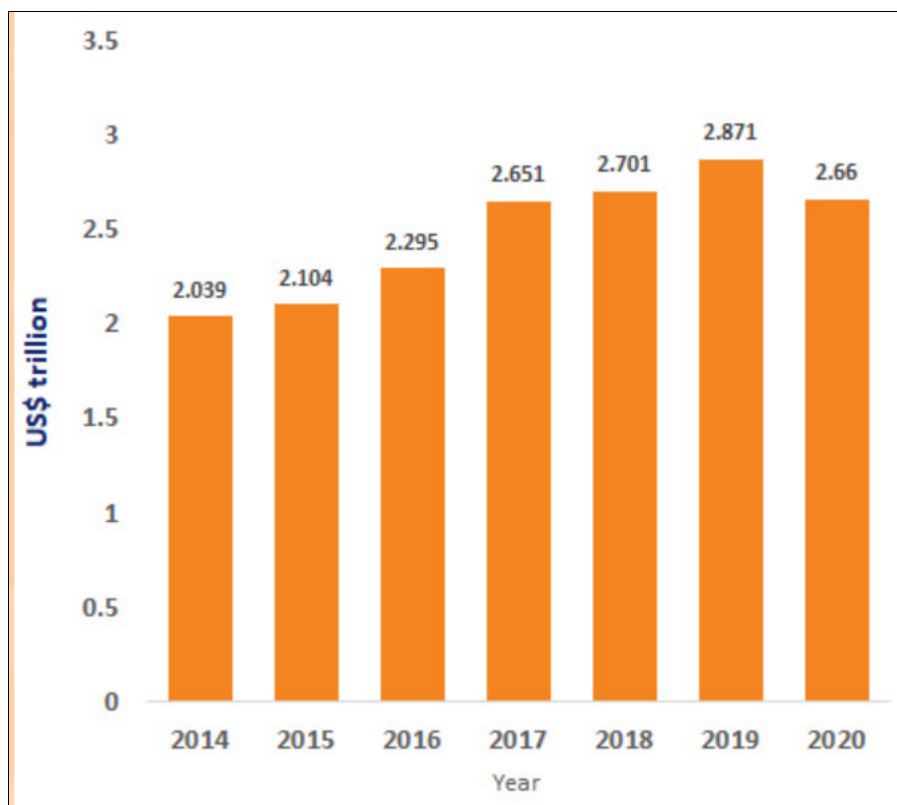


India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

## MARKET SIZE

India's nominal gross domestic product (GDP) at current prices is estimated to be at Rs. 232.15 trillion (US\$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn base in the world. The government is also focusing on renewable sources to generate energy and is planning to achieve 40% of its energy from non-fossil sources by 2030.

### India's Gross Domestic Production



According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 2.1% of GDP in the first quarter of FY 2022-23.

Exports fared remarkably well during the pandemic and aided recovery when all other growth engines were losing steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030.

## RECENT DEVELOPMENTS

India is primarily a domestic demand-driven economy, with consumption and investments contributing to 70% of the economic activity. With an improvement in the economic scenario and the Indian economy recovering from the Covid-19 pandemic shock, several investments and developments have been made across various sectors of the economy. According to World Bank, India must continue to prioritise lowering inequality while also putting growth-oriented policies into place to boost the economy. In view of this, there have been some developments that have taken place in the recent past. Some of them are mentioned below:

- As of September 21, 2022, India's foreign exchange reserves stood at US\$ 524,520 million.
- The private equity-venture capital (PE-VC) sector investments stood at US\$ 2 billion in September 2022.
- Merchandise exports in September 2022 stood at US\$ 32.62 billion.
- PMI Services remained comfortably in the expansionary zone at 56.7 during April-September 2022

- In September 2022, the gross Goods and Services Tax (GST) revenue collection stood at Rs. 147,686 crore (US\$ 17.92 billion).
- Between April 2000-June 2022, cumulative FDI equity inflows to India stood at US\$ 604,996 million.
- In August 2022, the overall IIP (Index of Industrial Production) stood at 131.3. The Indices of Industrial Production for the mining, manufacturing and electricity sectors stood at 99.6, 131.0 and 191.3, respectively, in August 2022.
- According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India's Consumer Price Index (CPI) based retail inflation reached 7.41% in September 2022.
- In FY 2022-23, (until October 28, 2022), Foreign Portfolio Investment (FPI) outflows stood at Rs. 58,762 crore (US\$ 7.13 billion).

## GOVERNMENT INITIATIVES

Over the years, the Indian government has introduced many initiatives to strengthen the nation's economy. The Indian government has been effective in developing policies and programmes that are not only beneficial for citizens to improve their financial stability but also for the overall growth of the economy. Over recent decades, India's rapid economic growth has led to a substantial increase in its demand for exports. Besides this, a number of the government's flagship programmes, including Make in India, Start-up India, Digital India, the Smart City Mission, and the Atal Mission for Rejuvenation and Urban Transformation, are aimed at creating immense opportunities in India.

## ROAD AHEAD

In the second quarter of FY 2022-23, the growth momentum of the first quarter was sustained, and high-frequency indicators (HFIs) performed well in July and August of 2022. India's comparatively strong position in the external sector reflects the country's generally positive outlook for economic growth and rising employment rates. India ranked fifth in foreign direct investment inflows among the developed and developing nations listed for the first quarter of 2022.

India's economic story during the first half of the current financial year highlighted the unwavering support the government gave to its capital expenditure, which, in FY 2022–23 (until August 2022), stood 46.8% higher than the same period last year. The ratio of revenue expenditure to capital outlay decreased from 6.4 in the previous year to 4.5 in the current year, signaling a clear change in favour of higher-quality spending. Stronger revenue generation as a result of improved tax compliance, increased profitability of the company, and increasing economic activity also contributed to rising capital spending levels.

Despite the continued global slowdown, India's exports climbed at the second highest rate this quarter. With a reduction in port congestion, supply networks are being restored. The CPI-C and WPI inflation reduction from April 2022 already reflects the impact. In August 2022, CPI-C inflation was 7.0%, down from 7.8% in April 2022. Similarly, WPI inflation has decreased from 15.4% in April 2022 to 12.4% in August 2022. With a proactive set of administrative actions by the government, flexible monetary policy, and a softening of global commodity prices and supply-chain bottlenecks, inflationary pressures in India look to be on the decline overall.

## FMCG INDUSTRY

(Source: <https://www.ibef.org/industry/fmcg>)

## INTRODUCTION

The FMCG sector in India expanded due to consumer-driven growth and higher product prices, especially for essential goods. FMCG sector provides employment to around 3 million people accounting for approximately 5% of the total factory employment in India. FMCG sales in the country was expected to grow 7-9% by revenues in 2022-23. The key growth drivers for the sector includes favourable Government initiatives & policies, growing rural market and youth population, new branded products, and growth of e-commerce platforms. Resilience needs to be the key factor in the manufacturing process, daily operations, retail and logistic channels, consumer insights and communication that will help FMCG companies to withstand the test of time and create more value for consumers in the long run.

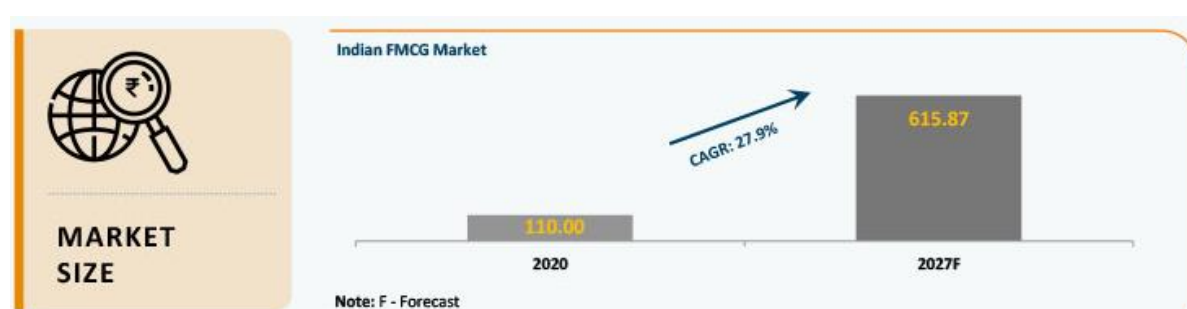
Fast-moving consumer goods (FMCG) sector is India's fourth-largest sector and has been expanding at a healthy rate over the years as a result of rising disposable income, a rising youth population, and rising brand awareness among consumers.

With household and personal care accounting for 50% of FMCG sales in India, the industry is an important contributor to India's GDP.

India is a country that no FMCG player can afford to ignore due to its middle class population which is larger than the total population of USA. The Indian FMCG market continues to rise as more people start to move up the economic ladder and the benefits of economic progress become accessible to the general public. More crucially, with a median age of just 27, India's population is becoming more consumerist due to rising ambitions. This has been further aided by government initiatives to increase financial inclusion and establish social safety nets.

Growing awareness, easier access and changing lifestyles have been the key growth drivers for the sector. The urban segment (accounts for a revenue share of around 55%) is the largest contributor to the overall revenue generated by the FMCG sector in India. However, in the last few years, the FMCG market has grown at a faster pace in rural India compared to urban India. Semi-urban and rural segments are growing at a rapid pace and FMCG products account for 50% of the total rural spending.

## MARKET SIZE



FMCG market reached US\$ 56.8 billion as of December 2022. Total revenue of FMCG market is expected to grow at a CAGR of 27.9% through 2021 to 2027, reaching nearly US\$ 615.87 billion. In 2022, urban segment contributed 65% whereas rural India contributed more than 35% to the overall annual FMCG sales. Good harvest, government spending expected to aid rural demand recovery in FY24. The sector had grown 8.5% in revenues and 2.5% in volumes last fiscal year. In the January-June period of 2022, the sector witnessed value growth of about 8.4% on account of price hikes due to inflationary pressures. In Q2, CY22, the FMCG sector clocked a value growth of 10.9% Y-o-Y — higher than the 6% Y-o-Y value growth seen in Q1.

Indian food processing market size reached US\$ 307.2 trillion in 2022 and is expected to reach US\$ 547.3 trillion by 2028, exhibiting a growth rate (CAGR) of 9.5% during 2023-2028.

Digital advertising will grow at 14.75% CAGR to reach Rs. 35,809 crore (US\$ 4.3 billion) by 2023, with FMCG industry being the biggest contributor at 42% share of the total digital spend.

India includes 780 million internet users, where an average Indian person spends around 7.3 hours per day on their smartphone, one of the highest in the world. Number of active internet users in India will increase to 900 million by 2025 from 622 million in 2020. In 2021, India's consumer spending was US\$ 1,891.90 billion. Indian villages, which contribute more than 35% to overall annual FMCG sales, are crucial for overall revival of the sector. E-commerce now accounts for 17% of the overall FMCG consumption among evolved buyers, who are affluent and make average spends of about Rs. 5,620 (US\$ 68).

India's e-commerce industry recorded a 36.8% year-on-year growth in 2022. Indian e-commerce market is anticipated to reach a value of Rs. 26,459.18 billion (US\$ 319.3 trillion) by the end of 2027, expanding at a CAGR of ~26.71% during the 2022 - 2027 period. The market has grown exponentially over the past five years due to the surge in internet and smartphone users, improved policy reforms, and increase in disposable income. Mobile wallets, Internet banking, and debit/credit cards have become popular among customers for making transactions on e-commerce platforms. As of 2021, there were 1.2 million daily e-commerce transactions. The total value of digital transactions stood at US\$ 300 billion in 2021 and is projected to reach US\$ 1 trillion by 2026.

The India online grocery market size has been projected to grow from US\$ 4,540 million in 2022 to US\$ 76,761.0 million by 2032, at a CAGR of 32.7% through 2032.



The retail market in India is estimated to reach US\$ 1.1 trillion by 2020 from US\$ 840 billion in 2017, with modern trade expected to grow at 20-25% per annum, which is likely to boost revenue of FMCG companies. The FMCG market in India is expected to increase at a CAGR of 14.9% to reach US\$ 220 billion by 2025, from US\$ 110 billion in 2020. The Indian FMCG industry grew by 16% in CY21 a 9- year high, despite nationwide lockdowns, supported by consumption-led growth and value expansion from higher product prices, particularly for staples. The Indian processed food market is projected to expand to US\$ 470 billion by 2025, up from US\$ 263 billion in 2019-20.

FMCG giants such as Johnson & Johnson, Himalaya, Hindustan Unilever, ITC, Lakmé and other companies (that have dominated the Indian market for decades) are now competing with D2C-focused start-ups such as Mamaearth, The Moms Co., Bey Bee, Azah, Nua and Pee Safe. Market giants such as Revlon and Lotus took ~20 years to reach the Rs. 100 crore (US\$ 13.4 million) revenue mark, while new-age D2C brands such as Mamaearth and Sugar took four and eight years, respectively, to achieve that milestone.

Advertising volumes on television recorded healthy growth in the July-September quarter, registering 461 million seconds of advertising, which is the highest in 2021. FMCG continued to maintain its leadership position with 29% growth in ad volumes against the same period in 2019. Even the e-commerce sector showed a healthy 26% jump over 2020.

#### **DISTRIBUTORSHIP BUSINESS OPPORTUNITIES**

(Source : <https://okcredit.in/blog/best-fmcg-distributorship-opportunities/>)

India, retail is growing at an exponential rate. If you are looking for a lucrative business as a distributor, the FMCG sector is the most sought after one. Over the next 10 years, distributorship opportunities in FMCG are expected to grow at 10-12% each year, according to Forrester Research.

##### **1. Traditional Distributorship**

This is one of the most common distributorship opportunities in FMCG to get started with. The general stores, local grocery stores and other smaller units are your outlets. The FMCG distributor procures goods directly from the manufacturers and distributes them to these stores based on the inventory requirements.

- In the case of the traditional distributorship model, need to know your local market very well.
- The reputation in the market is extremely important to ensure regular orders and make the most of distributorship opportunities in FMCG in this sector.
- Must also have a good transport network to ensure that deliveries are on time.
- Godown and necessary infrastructure to store inventory in prime condition.

##### **2. Wholesale Distributorship**

These are distributors who mostly deal with perishable goods like wheat flour, pulses, rice etc. Retail outlets normally purchase them from a wholesaler. So, a wholesale distributor is responsible for procuring these products from the source



and delivering them to the wholesaler. Like other distributorship opportunities in FMCG, this sector also comes with certain demands.

- Not be dealing with any retail outlet directly with this distributorship opportunity.
- Storage and transportation procedures must be of the highest quality because of perishable commodities.
- The wholesalers must have a good network in the market in order to explore more distributorship opportunities in FMCG.

### 3. Modern Trade Distributorship

Modern trade outlets are the large retail stores that offer the most lucrative distributorship opportunities in FMCG. The best examples are D-Mart, Reliance Fresh and Big Bazaar. This market is difficult to break into because large corporations like these already have their vendors and distributors in place.

However, there are some options for you to enter the market. Get in touch with existing modern trade distributors. If there are any unique products that you can procure, you can find new distributorship opportunities in FMCG to distribute it through them.

Alternatively, you need to build a very strong network in the modern trade sector so that you can approach the retailers directly.

- Maintaining inventories with this scale of distribution is very challenging, making this one of the hardest distributorship opportunities in FMCG to fulfil.
- The investment in inventories and the infrastructure to manage the stock is high.
- Need a very sophisticated transportation network in order to get more distributorship opportunities in FMCG with modern trade retailers.
- The best commodity to invest in is food and grain as most large modern trade distributors deal with premium foods, cosmetics and other items.

### 4. Institutional Distributorship

You can opt for direct Institutional Distributorship with institutions. Multinational corporations, railways or other government organisations come under this category. Personal monitoring is the biggest advantage that lets you explore lucrative distributorship opportunities in FMCG when you deal with these organisations. As soon as the stock is delivered in the given duration, your payment is processed.

Any FMCG company that provides products for these institutions prefers to use a distributor instead of choosing a retailer or a wholesaler.

- Managing inventories for these opportunities is also very challenging.
- This is the best option for someone with good contacts in institutions.
- Only if you work on a contract basis, you will have to provide a payment-related grace period which may go up to 90 days.

### 5. Super Stockist Distributorship

You can find great distributorship opportunities in FMCG not only in the urban sector but also in rural areas. Super stockist distributors are responsible for getting the stocks of FMCG Companies to the small distributors in rural areas. They, in turn, deliver it to the retail outlets.

Super Stockist distributorship opportunities in FMCG make you the primary medium of procuring commodities for these sub-stockists.

## **DISTRIBUTION AND SALES CHANNELS**

(Source : <https://www.trade.gov/country-commercial-guides/india-distribution-and-sales-channels-0>)

Retail is one of India's fastest-growing industries. According to Forrester Research, India's retail sector was valued at \$883 billion in 2020, and the retail market is expected to grow to \$1.3 trillion by 2024. There are approximately 12 million retail distribution outlets in the country, the majority of which are family owned. The fast-moving consumer goods (FMCG) sector is expected to increase at a rate of 10-12 percent annually over the next 10 years. According to Boston Consulting Group, India's consumption will quadruple to \$4 trillion by 2025 as rising wealth drives changes in consumer behaviour and spending patterns.

India's E-Commerce income is expected to rise from \$46.2 billion in 2020 to \$111.40 billion by 2025. India is expected to become the world's fastest-growing E-Commerce market, supported by strong investment and a rapid increase in the number of internet users. The E-Commerce market is expected to generate \$64 billion of India's \$2.6 trillion gross domestic product (GDP) in 2021, despite production and labour shortages, transportation disruptions, and other delays that have characterized one of the most difficult years for global supply chains.

Most Indian manufacturers use a three-tier selling and distribution structure that has evolved over years. This structure involves distributors, wholesalers, and retailers. As an example, an FMCG company operating on an all-India basis could have between 40 and 80 distributors.

A small distributor with a localized presence and understanding may be able to outperform larger distributors. In some areas, India is slowly evolving toward more modern distribution channels, but most businesses have fragmented and multi-layered distribution networks. In some circumstances, selecting distributors based on experience with specific products is a viable option.

## INVESTMENTS/ DEVELOPMENTS IN FMCG INDUSTRY

(Source: <https://www.ibef.org/industry/fmcg>)

- In January 2023, ITC has announced plans to acquire 100% of Sproutlife Foods (SFPL), a direct-to-consumer (D2C) startup and parent company of health food brand 'Yoga Bar' over a period of three to four years.
- In January 2023, ITC opened 59 acres food processing plant in Telangana, that will make in phases biscuits, chips, noodles as well as atta that ITC markets under its popular brands, including Sunfeast and Aashirvaad.
- In December 2022, Hindustan Unilever Limited (HUL) announced its foray into the 'Health & Wellbeing' category through strategic investments in Zywie Ventures Private Limited ("OZiva") and Nutritionalab Private Limited ("Wellbeing Nutrition").
- In October 2022, Dabur India Limited acquired 51% stake in Badshah Masala Private Limited to expand its foods business to Rs. 500 Crore (US\$ 60.3 million) in 3 years and expand into new adjacent categories.
- In October 2022, Tata Consumer Products renovates and rebrands TATA Q as TATA Sampann Yumside with a new and larger range of Ready to Eat and Ready to Cook offerings.
- The Government has allowed 100% Foreign Direct Investment (FDI) in food processing and single-brand retail and 51% in multi-brand retail.
- This would bolster employment, supply chain and high visibility for FMCG brands across organised retail markets thereby bolstering consumer spending and encouraging more product launches.
- The sector recorded an FDI of US\$ 20.84 billion between April 2000-June 2022.

Some of the recent developments in the FMCG sector are as follows:



- In January 2023, Hindustan Unilever Limited and UNDP announced the launch of an "Inclusive Circular Economy" project focusing on end-to-end management of plastic waste by promoting the segregation of waste at source, collection of the segregated waste.
- In November 2022, ITC collaborates with IIT Delhi to strengthen crop residue management programme in north India and to develop a Geographical Information Systems (GIS) tool to track, monitor and identify areas where stubble-burning is practised and where it is not.
- FMCG ad volumes on television rose by 33% in the year 2021 when compared to 2019. The growth was 22% when compared to the year 2020. The top 10 advertisers on TV accounted for a 60% share of ad volumes in the year 2021 with HUL topping the list, followed by Reckitt Benckiser (India), and Brooke Bond Lipton India.



- In December 2022, Hindustan Unilever Limited announced its foray into the ‘Health & Wellbeing’ category through strategic investments in Zywie Ventures Private Limited (“OZiva”) and Nutritionalab Private Limited (“Wellbeing Nutrition”).
- In February 2023, women wellness brand Nutrizoe has introduced new flavours for its lactation-aiding bar Lactobites and nausea-inhibiting oral strips Nail the Nausea.
- In January 2023, Heritage Foods Ltd, one of India’s leading dairy players, has announced the launch of GlucoShakti, a whey-based instant energy drink that revitalises hardworking youth, when strenuous physical work drains them.
- In 2022, Britannia recently launched ragi cookies and five-grain digestive biscuits under its NutriChoice brand.
- In 2023, BCS Globals, a UAE based food & beverage company, forays into the Indian energy drink market with the launch of one-of-its kind brand Wox and plans to introduce a diversified product portfolio.
- In 2023, Inspired by Japanese beauty secrets, Keomi Beauty recently kick-started its journey in the Indian beauty and skincare space
- In December 2022, Reliance Group launched its FMCG brand “Independence” in Gujarat which will bring a wide choice of high quality and affordable products including edible oils, pulses, grains, packaged foods and other daily need products.
- Amazon aims at making all shipments net-zero carbon, with 50% net zero carbon by 2030.
- In 2021-22, Dabur India has become a complete plastic waste neutral firm in the country after collecting, processing and recycling around 27,000 metric tonnes of post-consumer plastic waste.
- In 2021-22, over 300 million FMCG bottles have been produced from Banyan's recycled plastic for clients that include Hindustan Unilever, Reckitt, Shell and HPCL.
- In 2021, Colgate-Palmolive, the oral care giant has launched recyclable toothpaste tubes in India as a part of its commitment to sustainability.
- In 2021, Myntra partnered with Better Cotton Initiative as a part of promoting sustainable cotton farming practices.
- According to a joint report released by industry body FICCI and property consultancy firm Anarock, Indian e-commerce market is expected to reach US\$ 120 billion by 2026 from US\$ 38 billion in 2021
- In October 2022, Dabur acquired 51% stake in Badshah Masala Private Limited for Rs. 587.52 crore, (US\$ 71.81 million) less proportionate debt as on the closing date, with the Badshah enterprise being valued at Rs 1,152 crore (US\$ 140.81 million).
- In July 2022, Chief Minister of Uttar Pradesh Mr. Yogi Adityanath, inaugurated HUL’s ultra-modern factory in Sumerpur with a total investment of Rs. 700 crore (US\$ 88.07 million) planned by 2025.
- In July 2022, Emami acquired 30% stake in Cannis Lupus to enter into the petcare segment in India.
- In July 2022, Godrej Consumer Products Limited (GCPL), unveiled Godrej Magic Bodywash, India’s first ready-to mix bodywash at just Rs. 45 (US\$ 0.57).
- In June 2022, PepsiCo India announced its expansion plans for its largest greenfield foods manufacturing plant that produces the popular Lay’s potato chips in Kosi Kalan, Mathura in Uttar Pradesh with an investment of Rs. 186 crore (US\$ 23.84 million).
- In April 2022, Dabur India announced plans to induct a fleet of 100 Electric Vehicles in its supply chain for last-mile product distribution.
- In March 2022, Emami acquired Dermicool from Reckitt for Rs. 432 crore (US\$ 55.37 million)
- In February 2022, Dabur India, formed an exclusive partnership with energy provider Indian Oil, which will give Dabur's products direct access to around 140 million Indane LPG consumer households across India.
- In February 2022, Dabur India achieved its goal to collect, process, and recycle approximately 22,000MT of post-consumer plastic three months early.
- In February 2022, Marico Ltd has announced aims to achieve net-zero emissions by 2040 in its global operations.
- In November 2021, Tata Consumer Products (TCPL) signed definitive agreements to acquire 100% equity shares of Tata SmartFoodz Limited (TSFL) from Tata Industries Limited for a cash consideration of Rs. 395 crore (US\$ 53.13 million). This move was in line with TCPL’s strategic intent to expand into the value-added categories.
- In November 2021, Unilever Plc agreed to sell its global tea business to CVC Capital Partners for EUR 4.5 billion (US\$ 5.1 billion). The business being sold—Ekaterra—hosts a portfolio of 34 tea brands including Lipton, PG Tips, Pukka Herbs and TAZO.
- In November 2021, McDonald’s India partnered with an FMCG company ITC to add a differentiated fruit beverage, B Natural, to its Happy Meal, which will be available across all McDonald’s restaurants in South and West India, primarily catering to children aged 3–12 years.
- In October 2021, Procter & Gamble announced an investment of Rs. 500 crore (US\$ 66.8 million) in rural India.
- In September 2021, Vahdam India, an Indian tea brand, raised Rs. 174 crore (US\$ 24 million) as part of its Series D round led by IIFL AMC’s Private Equity Fund.

- In September 2021, RP-Sanjiv Goenka Group entered the personal-care segment by launching skin and haircare products, aiming at a revenue of Rs. 400-500 crore (US\$ 53.84-67.30 million) in the next 4-5 years.
- In September 2021, Adani Wilmar announced the opening of physical stores under the name 'Fortune Mart' that will exclusively sell Fortune and other Adani Wilmar brand products.
- The rural market registered an increase of 14.6% in the same quarter and metro markets recorded positive growth after two quarters. Final consumption expenditure increased at a CAGR of 5.2% during 2015-20.
- According to Fitch Solutions, real household spending is projected to increase 9.1% YoY in 2021, after contracting >9.3% in 2020 due to economic impact of the pandemic.
- The FMCG sector's revenue growth will double from 5-6% in FY21 to 10-12% in FY22, according to CRISIL Ratings.

## GOVERNMENT INITIATIVES



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

- In 2022, Government announced that food processing industry has invested Rs. 4,900 crore (US\$ 593 million) so far under the PLI scheme which was approved in March 2021, with a budget outlay of Rs. 10,900 crore (US\$ 1.3 billion), likely to increase sales and exports of food products.
- A total of 182 applications have been approved under the PLI scheme for the food processing industry. This includes 30 applications for millets-based products under the PLI scheme (8 large entities and 22 SMEs)
- In 2022, a total of 112 food processing projects were completed and operationalized, leveraging private investment of Rs. 706.04 crore (US\$ 85.4 million) and generating direct and indirect employment for 25,293 people.
- In order to boost the food processing sector, the Centre has permitted under the Income Tax Act a deduction of 100% of profit for five years and 25% of profit in the next five years in case of new agro processing industries set up to package and preserve fruits and vegetables.
- Excise Duty of 16% on dairy machinery has been fully waived off and excise duty on meat, poultry and fish products has been reduced from 16% to 8%.
- An amount of Rs. 1,000 crore (US\$ 120.7 million) is being set up initially in NITI Aayog for SETU for setting up of incubation centres and enhance skill development to facilitate the startup ecosystem in the country while improving the ease of doing business.
- The governments' incentives and the FDI funds have helped the FMCG sector strengthen employment, establish a more robust supply chain, and capture high visibility for FMCG brands across established retail markets.
- Union Budget 2023-24 has allocated US\$ 976 million for PLI schemes that aims to reduce import costs, improve the cost competitiveness of domestically produced goods, increase domestic capacity, and promote exports.
- As per the Union Budget 2022-23:
  - Rs. 1,725 crore (US\$ 222.19 million) has been allocated to the Department of Consumer Affairs
  - Rs. 215,960 crore (US\$ 27.82 billion) has been allocated to the Department of Food and Public Distribution.
  - In 2021-22, the government approved Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) with an outlay of Rs. 10,900 crore (US\$ 1.4 billion) to help Indian brands of food products in the international markets.
- The government's production-linked incentive (PLI) scheme gives companies a major opportunity to boost exports with an outlay of US\$ 1.42 billion.
- In November 2021, Flipkart signed an MoU with the Ministry of Rural Development of the Government of India (MoRD) for their ambitious Deendayal Antyodaya Yojana – National Rural Livelihood Mission (DAY-NRLM) programme to empower local businesses and self-help groups (SHGs) by bringing them into the e-commerce fold.
- Companies are counting on recent budget announcements like direct transfer of 2.37 lakh crore (US\$ 30.93 billion) in minimum support payment (MSP) to wheat and paddy farmers and the integration of 150,000 post offices into the core banking system to expand their reach in rural India.
- The Government of India has approved 100% FDI in the cash and carry segment and in single-brand retail along with 51% FDI in multi-brand retail.

- The Government has drafted a new Consumer Protection Bill with special emphasis on setting up an extensive mechanism to ensure simple, speedy, accessible, affordable and timely delivery of justice to consumers.
- The Goods and Services Tax (GST) is beneficial for the FMCG industry as many of the FMCG products such as soap, toothpaste and hair oil now come under the 18% tax bracket against the previous rate of 23-24%. Also, GST on food products and hygiene products has been reduced to 0-5% and 12-18% respectively.
- GST is expected to transform logistics in the FMCG sector into a modern and efficient model as all major corporations are remodelling their operations into larger logistics and warehousing.

## **ROAD AHEAD**

Rural consumption has increased, led by a combination of increasing income and higher aspiration levels. There is an increased demand for branded products in rural India. On the other hand, with the share of unorganised market in the FMCG sector falling, the organised sector growth is expected to rise with increased level of brand consciousness, augmented by the growth in modern retail. Another major factor propelling the demand for food services in India is the growing youth population, primarily in urban regions. India has a large base of young consumers who form majority of the workforce, and due to time constraints, barely get time for cooking. Online portals are expected to play a key role for companies trying to enter the hinterlands. Internet has contributed in a big way, facilitating a cheaper and more convenient mode to increase a company's reach. The number of internet users in India is likely to reach 1 billion by 2025. It is estimated that 40% of all FMCG consumption in India will be made online by 2020. E-commerce share of total FMCG sales is expected to increase by 11% by 2030. It is estimated that India will gain US\$ 15 billion a year by implementing GST. GST and demonetisation are expected to drive demand, both in the rural and urban areas, and economic growth in a structured manner in the long term and improved performance of companies within the sector.

## OUR BUSINESS

Following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Prospectus, including the information contained in the section titled 'Risk Factors', beginning on page 18 of the Prospectus.

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled 'Risk Factors' and 'Financial Information' and chapter titled 'Management Discussion and Analysis of Financial Condition and Results of Operations' beginning on page 18, 114 and 138, respectively, of the Prospectus.

Unless the context otherwise requires, in relation to business operations, in this section of the Prospectus, all references to "we", "us", "our" and "our Company" are to our promoters, Shanthala FMCG Products Limited and Group Entities as the case may be.

### Overview

We were operating our distributorship business through two proprietary firms viz. M/s. Shanthala Enterprises – Prop. Mrs. Sharada Malya and M/s. Shanthala Traders – Prop. B. Manjunath.

M/s. Shanthala Traders – Prop. B. Manjunath, was started in 1996 as a proprietorship firm, committed to provide its customers with quality products in a time bound manner. We have incorporated Shanthala Traders Private Limited in 2014 and transferred entire business of M/s. Shanthala Traders, proprietary concern to the Company and business of M/s. Shanthala Traders, proprietary concern was discontinued. The Company strives to bring the best global products to its customers by providing last mile connectivity to large consumer product companies.

M/s. Shanthala Enterprises– Prop. Mrs. Sharada Malya is still existing as on the date and carries on distribution business in different geography viz. Kushal Nagar. For further details of our conflict with M/s. Shanthala Enterprises, please refer to Risk Factor no. 13 under Risk Factors section on page 18, "Common Pursuits" and "Entities forming part of Promoter group" section under Our Promoters Chapter beginning on page 106 and Our Group Entities Chapter under Section "Common Pursuits" beginning on page 109 of this Prospectus.

We are a FMCG product distributor for the large size FMCG Companies in India for whom we distribute Branded packaged foods, Personal care products, Education & Stationery products, Matches & Agarbatti and tobacco products.

We are also distributors for one of the largest FMCG MNC Company in India. We distribute branded Beauty & wellbeing, Nutrition, Personal care & Home care products for them.

We also distribute Oil, Sugar and Atta for M. K. Agrotech Pvt. Ltd. sold under their brand name Sunpure.

At present our area of operation is in the district of Coorg, Karnataka where customers are scattered across large area which makes it a difficult market to service for new entrants and it has been home for Shanthala and promoters for more than 20 years. As we have been catering to this place since our inception, we have a deeper understanding of our customers' needs which makes us indispensable to large consumer companies.

We give below breakup of revenue from sale of ITC products:

| (Rs. In Lakhs)       |                |                |                |                |
|----------------------|----------------|----------------|----------------|----------------|
| Type of Products     | FY 2021        | FY 2022        | FY 2023        | 31.08.2023     |
| Tobacco products     | 2044.89        | 1816.35        | 2529.78        | 1056.58        |
| Non-Tobacco products | 665.94         | 537.10         | 709.98         | 517.66         |
| <b>Total</b>         | <b>2710.83</b> | <b>2353.45</b> | <b>3239.76</b> | <b>1574.24</b> |

We distribute following category of products for some of the large FMCG Companies:

| ITC                    | M K Agrotech  | Hindustan Unilever          |
|------------------------|---------------|-----------------------------|
| Tobacco products       | Edible Oil    | Beauty & Wellbeing products |
| Food products          | Food products | Nutritional products        |
| Personal care products | -             | Personal care products      |
| Home care products     | -             | Home care products          |
| Matches & Agarbatti    | -             | -                           |

The financial performance of our Company for the Fiscals 2023, 2022 and 2021, is as follows:

(₹ in lakhs, except for percentage)

| Particulars                          | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--------------------------------------|-------------|-------------|-------------|
| Total Revenue                        | 4,077.25    | 3,254.57    | 3,955.67    |
| EBITDA <sup>(1)</sup>                | 68.95       | 47.99       | 65.46       |
| EBITDA margin (%) <sup>(2)</sup>     | 1.69        | 1.47        | 1.65        |
| PAT                                  | 17.73       | 4.52        | 14.41       |
| PAT Margin (%)                       | 0.43        | 0.14        | 0.36        |
| Net Debt <sup>(3)</sup>              | 263.99      | 358.56      | 356.93      |
| Total Equity                         | 50.00       | 50.00       | 50.00       |
| Networth                             | 143.22      | 125.49      | 120.97      |
| RONW (%) <sup>(4)</sup>              | 12.38       | 3.60        | 11.91       |
| EPS (Basic & Diluted) <sup>(5)</sup> | 3.55        | 0.90        | 2.88        |

<sup>(1)</sup>EBITDA = Profit before tax + depreciation & amortization expense + finance cost.

<sup>(2)</sup>EBITDA Margin = EBITDA/ revenue from operations.

<sup>(3)</sup>Net debt = non-current borrowing + current borrowing - Cash and Cash Equivalent, Bank Balance, and Investment in Mutual Funds.

<sup>(4)</sup>RONW = Net profit after tax /Networth

<sup>(5)</sup>EPS = Net Profit after tax, as restated, attributable to equity shareholders divided by weighted average no. of equity shares outstanding during the year/ period.

## OUR COMPETITIVE STRENGTHS

### 1. Distributor of Choice

We are a FMCG product distributor for the large size FMCG Companies in India. Our long-standing relationships with our suppliers have helped us in creating a distributor of choice image for ourself for many of these Companies.

M/s. Shanthala Enterprises was started in 1996 as a proprietorship firm, committed to provide its customers with quality products in a time bound manner. Shanthala Traders Pvt. Ltd. was incorporated in 2014 to do the business which was done in proprietary firm. The Company strives to bring the best global products to its customers by providing last mile connectivity to large consumer product companies. Over two decades, we have been associated with the reputed national and international consumer product companies and serve customers in our region.

Shanthala is a company for brands. We earn our consumer's trust with the promise that each of the brands we sell enhances their lifestyle. We define our success on our ability to make shopping meaningful to our customers.

### 2. Distribution of variety of Products

We distribute Branded packaged foods, Personal care products, Education & Stationery products, Matches & Agarbatti, tobacco products, branded Beauty & wellbeing, Nutrition, Personal care & Home care products as well as food products like Oil, Sugar and Atta. These products diversification helps us in getting more large brands in our portfolio. These range of products also helps us in diversifying our risks.

### 3. Experienced Promoter and management team with strong industry expertise and successful track record

The Promoter of our Company, B. Manjunath Malliya, has over 20 years of experience in the field of supply and distribution of FMCG products in Coorg district, which has created a trust amongst our suppliers / customers. Our Promoters inspirational leadership has led Shanthala to be recognised as one of the trusted distributors in our region over the years. Further our Company is managed by a team of experienced personnel. The team comprises of personnel having operational, customer relationship, marketing and business development experience. We believe that our management team's experience and their understanding of the needs of our customers will enable us to continue to take advantage of both current and future market opportunities.

For further details regarding the experience and qualifications of our management team please see “Our Management” on page 103 of this Prospectus. We believe that the knowledge and experience of our promoter and management will enable us to identify new opportunities, rapidly respond to market conditions, adapt to changes in the business landscape and competitive environment and enhance the growth in the business.

#### **4. Strong and long-standing customer relationships**

Our customers are local retailers and wholesalers located in our region. Our three-decade long experience and client relationships help us to get repeat business from our customers. Our client relationships also help us to cross sell our other products and services to them. Further we have been mutually value creating, stable and long-term association with our customers through products offered by us. This has helped us maintain a long-term relationship with our customers and improve our customer retention strategy.

### **OUR STRATEGIES**

#### **1. Leveraging our existing products portfolio**

We distribute products of various companies such as HUL, ITC etc. which helps us to bring in diverse range of products ranging from Foods, Beauty & Wellbeing, Personal care to Home Care which cater to every day as well as aspirational needs of our customers and which not only helps us to spread our product offering but also makes us indispensable part of daily lives of our customers.

#### **2. Leveraging our Infrastructure**

We act as last mile delivery agent for large consumer companies in difficult to reach and cater to district of Coorg where the client base is scattered and average order size is low. We have created a team of well-trained field staff who reach to every retail, wholesale outlet in our area and help us to serve them with regular supply materials. This has helped us not just to attract retailers but has helped us to become an dependable partner to large consumer companies.

#### **3. Inorganic Growth**

In addition to increasing the existing capabilities and leveraging existing products portfolio, we also intend to explore acquisition of businesses, which will help us entering into new geographies where considerable business opportunities would be available to grow our business. Strategic acquisitions of small distributors in different geographies which are near to our present area of operation targeted to increase product portfolio and penetrate newer markets will be the focus of our Company going forward. It will be a constant endeavor to grow business by leveraging our understanding of market and customer demand we will be getting into distribution agreement with other large FMCG companies and expanding our geographical presence which will help us to have larger product offering and wider customer reach.

### **Our Products**

Brief description of products, we distribute for FMCG Companies:

| <b>Products Category</b>    | <b>Description</b>  |
|-----------------------------|---|
| Food products               | Under food products we distribute various products such as Atta, Salt, Ready to Eat, Ready to cook, Biscuits, wafers etc. |
| Personal care products      | Personal care range of products such as Bathing Soap, Liquid Soap, Shampoos, Conditioners Creams, Face Wash               |
| Home care products          | Detergent Powder, Fabric Softeners, Floor Cleaners, Toilet Cleaners etc.  |
| Matches & Agarbatti         | Safety Match box, Incense Stick   |
| Beauty & Wellbeing products | Perfumes, Deodorant, Fairness Cream, Hair Grooming Gel, Hair Oil  |
| Nutritional products        | Coffee, Tea, Mayonnaise, Jam, Soup  |
| Tobacco products            | Cigarettes  |









## Beauty & Wellbeing products



## Nutritional products

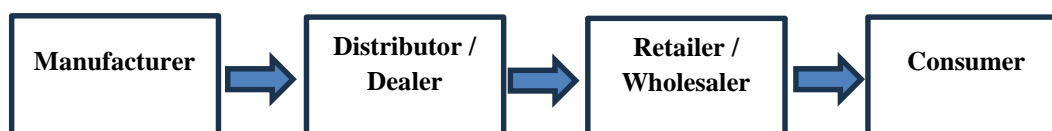


## Tobacco products



## Process flow chart

Process flow chart for our distribution services:



**Manufacturer’s:** - These are large corporates who manufacture goods or products; creating brand awareness and have marketing campaign to promote the brand. Its their responsibility to deliver products to the distributors like us.

**Distributor / Dealer:** - They buy products from manufacturer; which is stored in the warehouse maintained by them. They have their team of sales executive which meet retailers / wholesaler on regular intervals. Storing, bringing in orders, sorting as per orders & delivering to retailers / wholesaler is responsibility of distributors like us.

**Retailer / Wholesaler:** - They sell & promote the product to end consumer

## Methods and process of acquisition of business/clients and long-term relationships with clients

Our long-standing relationship with customers has helped us to become a channel partner of choice for our suppliers. This in turn has helped us

- To onboard large consumer product companies who wants to partner with strong distributor for their products; and
- Retaining clients with on-time deliveries of quality products and providing them with better trade incentives.

We often don’t have any long-term agreement with our suppliers or clients, our business is driven with relationship which rests on our consistent ability to deliver. We had been serving large companies since our inception and have relation with our clients for more than 20 years we have been associated with ITC since 2007 we have onboarded Hindustan Unilever Ltd (HUL) as one of our suppliers during August 2023.

## Details of agreements/ relationship with suppliers.

There is no long-term agreement with our suppliers. As per the trade practice, some companies may insist on signing of an agreement and some may not; this is driven by internal policies of the companies. We have long standing relationship with our suppliers which are based upon our past business performance. The fact that we have been associated with ITC for more than 15 years with-out any formal agreement clarifies our position in the trade. We have entered into a “Redistribution Stockist Agreement” with Hindustan Unilever Limited (HUL) dated September 08, 2023 valid for a period of 5 years from September 08, 2023 for distribution of all existing as well as future products offered by HUL.

### **Logistics arrangements**

It's our supplier's responsibility to deliver goods to our godown where it's sorted for deliveries as per customer orders. We use our own vehicle for managing most of the deliveries to our customers.

### **Inventory Management**

We don't maintain large inventory at our premises, we place our orders as per requisition received from our clients. We use proprietary software from our suppliers for inventory management.

### **Plant and Machinery & Technology**

Since we are a distribution company, we do not own any major plant and machinery. We own computers, laptops and few vehicles used for our business. We also own DG set of 35 KVA capacity for power backup.

### **Collaborations**

We have not entered into any technical or other collaboration.

### **Capacity and Capacity Utilization**

We are engaged in distribution of various products for large brands, hence capacity and capacity utilization is not applicable to us.

### **Infrastructure Facilities / Utilities**

#### **Power**

Our Company has no special power load requirements for carrying out our distribution business activities. Our trading business is not power intensive. Our Registered Office and warehouse draw power from their respective local electricity suppliers. The requirements of power for operations are met through Chamundeshwari Electricity Supply Corporation Limited. We also have DG set for backup power of 35 KVA capacity.

#### **Fuel**

Our Company do not have any special requirement of fuel to carry out the present activities.

#### **Water**

We do not have any special need of water for our business. We require water for normal sanitation and the same is available in the premises we occupy.

#### **Effluent Treatment Plant (ETP)**

We are engaged in the business where there is no effluent generated from the present/ proposed activities, ETP is not required.

#### **Raw Material**

We source all our products from the Company for which we distribute the products, accordingly there is no difficulty in getting the products for our business.

#### **Human Resource**

We believe that a motivated and empowered employee base is the key to our operations and business strategy. We source our human resources locally and the same is available easily.

The detailed break-up of our full-time employees as on September 30, 2023 is summarized as under:

| Sr. No.      | Category                | Number    |
|--------------|-------------------------|-----------|
| 1.           | Senior Management       | 4         |
| 2.           | Middle Level Management | 9         |
| 3.           | Other Employees         | 13        |
|              |                         |           |
| <b>Total</b> |                         | <b>26</b> |

In addition to above we have 6 workers on daily wage basis.

### Export Possibilities & Export Obligation

Currently, we do not have any outstanding export obligations.

### Intellectual Property

As on the date of this Prospectus, Our Company has not registered its logo or company's name with the Registrar of Trademarks. Further, the company do not have any other kind of Intellectual Property Rights and has confirmed that no other applications have been made by our Company nor has it registered any other type of intellectual property including trademarks/copyrights/patents etc.

For further details, please see "Government and other Key Approvals" on page 159 of this Prospectus and for the information in relation to the risk relating to our intellectual property; please refer to the chapter titled "Risk Factors" on page 19 of this Prospectus.

### Competition

We operate in a competitive market and competition is based primarily on quality of service, timely delivery and pricing of such products & services. To remain competitive in the market we strive to improve our sales & marketing efforts, reduce cost and improve operating efficiencies. If we fail to maintain our strengths, our competitors will gain an advantage over us, which would adversely affect our market share and results of operation. We face competition from those who may be better capitalized, have longer operating history, have greater brand presence, and better management than us. If we are unable to manage our business it might impede our competitive position and profitability. We intend to continue competing vigorously to capture more market share and adding more management personnel to manage our growth in an optimal way.

In the future, we may also face competition from new entrants in the segment. Some of these players may already have robust business networks, which could eat into our market share. Some of our competitors are larger than we are, have greater financial resources than we do, and may be able to deliver products and services on more attractive terms or to invest larger amounts of capital into their businesses, including expenditure for better and more efficient marketing and delivery.

### Immovable Property

*Our Company owns following immovable properties;*

| Address / Description of Premises   | Purpose  |
|---|--|
| Subhasnagar, Panjarpaet, Virajpet – 571218, Karnataka, India<br>Area – 11,420 Sq. ft. (Ground + 4 floors) | Given on Rent** and used as collateral security for borrowings |

\*\* Our company in 2018, acquired a residential property having 20 rooms spread across 11420 Sq. Ft situated at Virajpet, Coorg. As the location is at short distance from a very popular tourist destination of Madikeri, initially we leased out the property through Online Travel Agency (OTA) like OYO, Booking.com etc. with an intention to put the property to use and generate continuous revenue within short time.

Presently the property is marketed by us through tie ups with various travel agents in cities of Bangaluru, Mysuru etc. this allows us to have a control over the price which helps us to provide better services to tourist. At present we are able to achieve occupancy rates of 20 % to 60 % during lean to peak tourist season. We expect word of mouth referrals and tie ups with local agents will help us to achieve better occupancy rates.

Rent Income from above property were Rs. 5.44 Lakhs for the period ended August 31, 2023 and Rs. 13.61 Lakhs, Rs. 5.81 Lakhs and Rs. 6.60 Lakhs for the year ending March 31, 2023, March 31, 2022 and March 31, 2021 respectively.

***Our Company has taken the following immovable properties on leave & license basis:***

| Address / Description of Premises  | Name of Licensor and Lease Agreement date                    | Terms of Lease   | Purpose                      |
|--|--|--|------------------------------|
| 7th Block, Gandhinagr Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India<br><br>Area – 3,500 Sq. ft. (Ground + 2 floors)                       | B. Manjunath Mallya<br><br>Agreement dated February 20, 2023 | 11 months from March 01, 2023<br><br>Rent of Rs. 25,000/- p.m. for first 11 months   | Registered Office and Godown |
| Ground Floor, Dienoel House, 7th Block, Gandhinagr, Virajpet Town, Kodagu - 571218, Karnataka, India<br><br>Area – 2,500 Sq. ft.                       | Seventy Augustine<br><br>Agreement dated August 01, 2023     | 11 months from August 01, 2023<br><br>Rent of Rs. 12,500/- p.m. for first 11 months<br><br>Security Deposit – Rs. 50,000/- | Godown                       |
| Sy. No. 95/A, 7 <sup>th</sup> Blok, Bye Pass Road, Gandhinagr, Lingayana Honi, Virajpet, Kodagu - 571218, Karnataka, India<br><br>Area – 2,500 Sq. ft. | M C Chinnappa<br><br>Agreement dated June 13, 2023           | 11 months from June 01, 2023<br><br>Rent of Rs. 17,000/- p.m. for first 11 months<br><br>Security Deposit – Rs. 1,00,000/- | Godown                       |

## Insurance

Our Company has taken the below mentioned insurance policies:

| Sl. No. | Name of the Insurer                             | Type of Policy                                  | Risk covered  | Insurance amount (Rs.) | Valid upto |
|---------|---|---|---|------------------------|------------|
| 1       | ICICI Lombard General Insurance Company Limited | ICICI Bharat Sookshma Udham Suraksha            | Finished good Stocks against Fire & Burglary  | 2,50,00,000            | 02/07/2024 |
| 2       | National Insurance Company Limited              | Vehicle Insurance                               | Vehicle No. KA-12-B-2612  | 2,25,000               | 28/10/2023 |
| 3       | New India Assurance Co. Limited                 | New India Bharat Sookshma Udham Suraksha Policy | Furniture & Fixtures, Other equipment and Plant & Machinery situated at property owned by the Company | 54,95,000              | 16/06/2024 |

Our Company maintains insurance against various risks inherent in our business activities, including damage caused by fire, earthquake, flood, explosion and similar catastrophic events that may result in physical damage to or destruction of our Furniture & Fixtures, equipment or stocks as also burglary insurance. Although we consider our insurance coverage to be of a type and level that is economically prudent, we cannot assure you that we will be able to maintain insurance at rate which we consider commercially reasonable or that such coverage will be adequate to cover any claims that may arise. Overall, we generally maintain insurance covering our assets and operations at levels that we believe to be appropriate for our business.

## **KEY INDUSTRIAL REGULATIONS AND POLICIES IN INDIA**

*The following description is a summary of certain sector-specific laws currently in force in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The description below may not be exhaustive and is only intended to provide general information to investors, and is neither designed as, nor intended to substitute, professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial, or administrative decisions. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain.*

*The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For information on regulatory approvals obtained by us, please refer “Government and Other Approvals” on page 152. We are required to obtain and regularly renew certain licenses / registrations / sanctions / permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts, and policies. Additionally, the projects undertaken by us require, at various stages, the sanction of the concerned authorities under the relevant central and state legislations and local byelaws.*

*Following is an overview of some of the important laws and regulations, which are relevant to our business.*

### **INDUSTRY-SPECIFIC REGULATIONS**

#### ***The Consumer protection Act, 2019 as amended (“CPA”)***

The Consumer Protection Act, 2019 came into effect from 20th July, 2020 will empower consumers and help them in protecting their rights through its various notified rules and provisions like Consumer Protection Councils, Consumer Disputes Redressal Commissions, Mediation, Product Liability and punishment for manufacture or sale of products containing adulterant / spurious goods. It will be empowered to conduct investigations into violations of consumer rights and institute complaints / prosecution, order recall of unsafe goods and services, order discontinuance of unfair trade practices and misleading advertisements, impose penalties on manufacturers/endorsers/publishers of misleading advertisements. It introduces the concept of product liability and brings within its scope, the product manufacturer, product service provider and product seller, for any claim for compensation. The new Act provides for simplifying the consumer dispute adjudication process in the consumer commissions, which include, among others, empowerment of the State and District Commissions to review their own orders, enabling a consumer to file complaints electronically and file complaints in consumer Commissions that have jurisdiction over the place of his residence, videoconferencing for hearing and deemed admissibility of complaints if the question of admissibility is not decided within the specified period of 21 days.

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

The Central Government has been given the power to regulate and control the production, supply and distribution, trade and commerce of essential commodities as specified in the Schedule to the Act. Section 3 of the ECA confers wide powers on the Central Government including the power to mandate that licenses and permits be issued for the production and manufacture of certain commodities, power to regulate the supplies of essential commodities for securing their equitable distribution and the power to control the price at which essential commodities may be bought and sold. The State Government has been brought under the ambit of the Act and its authorities and officers may be directed to exercise the powers and carry out the duties as mandated under the Act, for the regulation of essential commodities. The Act also prescribes penal consequences for violations of the provisions mentioned therein.

#### ***The Food Safety and Standards Act, 2006 (“FSSA” or the “Act”) and rules and regulations framed thereunder***

The FSSA is a comprehensive legislation that has empowered the Central Government to establish a body known as the Food Safety and Standards Authority of India to exercise the powers conferred on and perform the functions assigned to it, under the Act. Its duty involves the regulation and monitoring of the manufacturing, processing, distribution, sale and import of food so as to ensure its safety. The Act prohibits addition of food additives or processing aids to the food articles, which are not in accordance with the regulations made thereunder. The Food Safety and Standards Rules, 2011 (“FSSR”), provide, among other things, the qualifications mandatory for the posts of the commissioner of food safety, the food safety officer and the food analyst, their respective duties, and the procedure for taking extracts of documents, sampling and analysis. In order to address certain specific aspects of the FSS Act, FSSAI has framed various regulations, such as the following:

- (a) Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;

- (b) Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
- (c) Food Safety and Standards (Prohibition and Restriction on Sales) Regulations, 2011;
- (d) Food Safety and Standards (Import) Regulations, 2017;
- (e) Food Safety and Standards (Advertising and Claims) Regulations, 2018; and

#### ***The Bureau of Indian Standards Act, 2016***

The Bureau of Indian Standards Act, 2016 (the “**BIS Act**”) provides for the establishment of the Bureau of Indian Standards (“BIS”) for the development of the activities, *inter alia*, standardization, marking and quality certification of goods. Functions of the BIS include, *inter-alia*, (a) recognizing as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specifying a standard mark to be called the 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; and (c) conducting such inspection and taking such samples 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 with or without a license.

#### ***Legal Metrology Act, 2009***

The Legal Metrology Act, 2009 (“**Act**”), received the assent of the President of India on January 13, 2010. The Act governs the standards/units/denominations used for weights and measures as well as for goods which are sold or distributed by weights, measures or numbers. It also states that any transaction/contract relating to goods/class of goods shall be as per the weights/measurements/numbers prescribed under the Act. Every unit of weight or measure shall be in accordance with the metric system based on the international system of units. Using or keeping any weight or measure otherwise than in accordance with the provisions of the said Act is an offence, as is considered as tampering or altering any reference standard, secondary standard or working standard. Moreover, the Act prohibits any person from quoting any price, issuing any price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of this Act. The administration of the Act and regulation of pre-packaging of commodities is done with the help of Legal Metrology (Packaged Commodities) Rules, 2011, (the “**Rules**”) which require every manufacturer, packer and importer who pre-packs or imports any commodity for sale, distribution or delivery to get himself registered under these Rules. Additionally, the Rules also bar anyone from pre-packing or causing or permitting pre-packaging any commodity for sale, distribution or delivery unless a declaration in respect to such pre-packaging has been made on the package in accordance with these Rules.

#### ***Standards of Weights and Measures Act, 1976***

The Standards of Weights and Measures Act, 1976 (the “**Act**”) was enacted to regulate trade or commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and to provide for such matters as may be connected thereto. The Act enumerates the specific base units to measure goods and products. Any offence under this Act is punishable with imprisonment or fine or with both based on the type of violation.

#### ***Sale of Goods Act, 1930***

The Sale of Goods Act, 1930 (the “**Sale of Goods Act**”) governs contracts relating to the sale of goods. The contracts for sale of goods are subject to the general principles of the law relating to contracts. A contract for sale may be an absolute one or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for the sale of goods.

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

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



***The Information Technology Act, 2000 (“IT Act”)***

The Information Technology Act, 2000 regulates and governs the communications made and services provided in the electronic form. It provides legal recognition to transactions carried out by means of electronic data interchange and other means of electronic communication. The IT Act prescribes punishment for publication of, obscene and offensive materials through electronic means. The Information Technology (Amendment) Act, 2008, which amended the IT Act, gives recognition to contracts concluded through electronic means, creates liability for failure to protect sensitive personal data and gives protection to intermediaries in respect of third party information liability. Further, under Section 69A of the IT Act and the Information Technology (Procedure & Safeguards for Blocking for Access of Information by Public) Rules, 2009, directions can be issued by the Government or intermediary, blocking public access to any information generated, transmitted, retrieved, stored or hosted in any computer resource.

***Laws relating to taxation***

The tax related laws along with their respective rules that may be applicable to the operations of our Company include:

1. the Income Tax Act 1961, as amended by the Finance Act in respective years
2. Central Goods and Services Tax Act, 2017, (along with the various state-wise legislations issued thereunder);
3. The Integrated Goods and Service Tax Act, 2017; and
4. Professional Tax state-wise legislations.

***Laws relating to Employment***

Certain other laws and regulations that may be applicable to our Company in India include the following:

- EPFMP Act;
- Employees’ State Insurance Act, 1948;
- Equal Remuneration Act, 1976;
- The Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Code of Wages, 2019; and
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

***Indian Contract Act, 1872***

The Indian Contract Act, 1872 provides for seeking data protection under contract law and common law, by incorporating confidentiality and data protection clauses in contracts. According to this Act, when a party commits a breach of contract, the other party is entitled to receive compensation for any loss or damage caused to it. Specific performance of the contract is also a remedy under the Act. Thus companies acting as ‘data importers’ may enter into contracts with ‘data exporters’ to adhere to a high standard of data protection.

***The Specific Relief Act, 1963***

The Specific Relief Act is complimentary to the provisions of the Contract Act and the T.P. Act, as the Act applies both to movable property and immovable property. The Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. ‘Specific performance’ means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

**Other Laws and Regulations**

In addition to the above, our Company is also required to comply with the provisions of the Companies Act, and other applicable statutes imposed by the Centre or the State for its day-to-day operations. Our Company is also amenable to various central and state tax laws.



## HISTORY AND CERTAIN CORPORATE MATTERS

### Brief History of our Company

Our Company was incorporated as Shanthala Traders Private Limited on February 20, 2014 under the Companies Act, 1956 with the Registrar of Companies, Bangalore bearing Registration number 073756. The name of the Company was changed to Shanthala FMCG Products Private Limited vide certificate of incorporation, consequent to change of name was issued on April 24, 2023 by the Registrar of Companies, Bangalore. The status of the Company was changed to public limited and the name of our Company was changed to Shanthala FMCG Products Limited vide Special Resolution dated June 12, 2023 pursuant to conversion of the Company into public limited Company. The fresh certificate of incorporation consequent to conversion was issued on July 10, 2023 by the Registrar of Companies, Bangalore.

Our corporate identification number is U51109KA2014PLC073756.

The Promoters of our Company are B. Manjunath Mallya, Shobitha Malya, Sneha Vinayak Kudva and Yogish Mallya.

### Names of signatories to the Memorandum of Association of the Company and the number of Equity Shares subscribed by them:

The names of the signatories of the Memorandum of Association of the Company and the number of Equity Shares subscribed for by them at the time of signing of the Memorandum of Association: 49,000 Equity Shares subscribed by B. Manjunath Mallya and 1,000 Equity Shares subscribed by Shobitha Malya of face value Rs.100 each.

### Changes in our Registered Office:

| Date of Change | Changed From  | Change to  | Reason for change      |
|----------------|---|--|------------------------|
| April 07, 2023 | D. No. 193, 14, Race Course Road, Madikere, Kodagu – 571201, Karnataka, India | 7th Block, Gandhinagr Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India | Administrative Reasons |

### Major Events and Milestones

The table below sets forth some of the key events in the history of our Company:

| Financial Year | Event   |
|----------------|---|
| 2014           | Incorporation of our Company.   |
| 2017           | Distribution of products for ITC Limited  |
| 2020           | Distribution of products of M. K. Agrotech Private Limited and MTR products Company   |
| 2023           | Entered into an agreement Hindustan Unilever Limited and also started distribution of products for Hindustan Unilever Limited |
|                | Converted Company to Limited  |

### Significant financial and strategic partners

As on the date of the Prospectus, our Company does not have any significant financial or strategic partners.

### Time and cost overrun

Our Company has not experienced any significant time and cost overrun in its business.

### Launch of Key Products or services

For details of key products or services launched by our Company, entry into new geographies or exit from existing markets, facility creation, location of our facilities, see “Our Business” beginning on page 80.

**Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity**

There have been no defaults or rescheduling of borrowings with financial institutions in respect of our current borrowings from lenders.

**Material Acquisitions or Divestments of Business/Undertakings, Mergers, Amalgamations or Revaluation of Assets, in the last ten years**

Our Company has not undertaken any material acquisitions or divestments of business/undertakings, mergers, amalgamations, or revaluation of assets in the last ten years.

**Main Objects of our Company:**

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. To deal in any commodities, goods, merchandise, electronic goods and acts as agents, wholesalers, super stockist, distributors and retailers for branded products and for that purpose buy sell, distribute, stock, maintain or otherwise deal in all kinds of commodities, goods, articles and to carry on the agency business.
2. To purchase & acquire land / building and establish guest house, home stays, holiday resorts, villas, summer house, motels and carry on hospitality business therein.

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out as well as to carry on the activities for which the funds are being raised in the Issue.

**Amendments to the Memorandum of Association**

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

| Particulars of Change   |   | Date of Members Meeting | AGM/EGM |
|---|---|-------------------------|---------|
| From  | To  |                         |         |
| ₹50,00,000 consisting of 50,000 Equity shares of ₹100.00 each.  |   | On incorporation        | -       |
| ₹50,00,000 consisting of 50,000 Equity shares of ₹100.00 each.  | ₹50,00,000 consisting of 5,00,000 Equity shares of ₹10.00 each.       | March 27, 2023          | EGM     |
| ₹50,00,000 consisting of 5,00,000 Equity shares of ₹10.00 each. | ₹11,00,00,000 consisting of 1,10,00,000 Equity shares of ₹10.00 each. | March 27, 2023          | EGM     |

| Date of Shareholders' Resolution | Nature of Other Amendment  |
|----------------------------------|--|
| March 16, 2018                   | Insertion of Main Object Clause 2 – “To purchase & acquire land / building and establish guest house, home stays, holiday resorts, villas, summer house, motels and carry on hospitality business therein. “ |
| April 03, 2023                   | Our Company’s name was changed from ‘Shanthala Traders Private Limited’ to ‘Shanthala FMCG Products Private Limited’   |
| June 12, 2023                    | Our Company was converted into a public limited company and the name of our Company was changed to ‘Shanthala FMCG Products Limited’   |

**Changes in the Management**

There has been no change in the management of our Company since incorporation.

**Defaults or rescheduling of borrowings from financial institutions/ banks and conversion of loans into equity**

No defaults have been called by any financial institution or bank in relation to borrowings from financial institutions or banks. For details of our financing arrangements, please refer “*Financial Indebtedness*” on page 147. Further, except as stated in the section “*Capital Structure*” beginning on page 45, none of our loans have been rescheduled or been converted into Equity Shares.

**Lock outs and strikes**

There have been no lock outs or strikes at any of the offices of our Company.

**Time and cost overruns**

Our Company has not experienced any time or cost overrun in relation to any of the projects implemented.

**Details regarding acquisition of business/undertakings, mergers, amalgamations, and revaluation of assets**

Except as mentioned below, our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation, or revaluation of assets:

M/s. Shanthala Traders – Prop. B. Manjunath, was started in 1996 as a proprietorship firm, committed to provide its customers with quality products in a time bound manner. We have incorporated Shanthala Traders Private Limited in 2014 and transferred entire business of M/s. Shanthala Traders, proprietary concern to the Company and business of M/s. Shanthala Traders, proprietary concern was discontinued.

**Holding Company of our Company**

As of the date of the Prospectus, our Company does not have any holding Company.

**Subsidiary of our Company**

As of the date of the Prospectus, our Company does not have a subsidiary company.

**Collaboration Agreements**

As on the date of the Prospectus, our Company is not a party to any collaboration agreements.

**Shareholders' Agreements**

As on the date of the Prospectus, our Company has not entered into any shareholders' agreements.

**Material Agreements**

We have not entered into any material contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by us or contract entered into more than two years before the filing of the Prospectus.

**Number of Shareholders**

Our Company has 55 (Fifty-Five) shareholders on date of the Prospectus.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association, we are required to have not less than three directors and not more than 15 Directors. As on the date of this Prospectus, we have 5 Directors on our Board.

Set forth below are details regarding our Board as on the date of this Prospectus:

| Name, Designation, Address, Date of Birth, Age, Occupation, Term, Period of Directorship and DIN   | Other Directorships  |
|--|--|
| <p><b>B. Manjunath Mallya</b></p> <p><i>Designation: Chairman &amp; Managing Director</i></p> <p><i>Address: Gandhinagar, Virajpet, Kodagu - 571218, Karnataka, India</i></p> <p><i>Date of Birth: November 15, 1969</i></p> <p><i>Age: 53 years</i></p> <p><i>Occupation: Business</i></p> <p><i>Term: Redesignated as Chairman &amp; Managing Director w.e.f. July 18, 2023 for a period of Five years.</i></p> <p><i>Period of Directorship: Director since incorporation</i></p> <p><i>DIN: 06793251</i></p> | <ul style="list-style-type: none"> <li>• <u>Companies</u></li> <li>• Nil</li> <li>• <u>LLPs</u></li> <li>• Nil</li> </ul>  |
| <p><b>Shobitha Malya</b></p> <p><i>Designation: Executive Director</i></p> <p><i>Address: Gandhinagar, Virajpet, Kodagu - 571218, Karnataka, India</i></p> <p><i>Date of Birth: January 01, 1979</i></p> <p><i>Age: 44 years</i></p> <p><i>Occupation: Business</i></p> <p><i>Term: Redesignated as Executive Director w.e.f. July 18, 2023 for a period of Five years.</i></p> <p><i>Period of Directorship: Director since incorporation</i></p> <p><i>DIN: 06793259</i></p>                                   | <ul style="list-style-type: none"> <li>• <u>Companies</u></li> <li>• Nil</li> <li>• <u>LLPs</u></li> <li>• Nil</li> </ul>  |
| <p><b>Smita Arjun Patil</b></p> <p><i>Designation: Non-Executive and Independent Director</i></p> <p><i>Address: C-2-6, Room No. 2/4, Near Meghraj Tokiz, Sector -2, Vashi, Navi Mumbai - 400703, Thane, Maharashtra, India</i></p> <p><i>Date of Birth: July 18, 1981</i></p> <p><i>Age: 42 years</i></p>   | <p>Companies:</p> <ul style="list-style-type: none"> <li>• Clinitech Laboratory Limited</li> </ul> <p>LLPs</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |

|  |  |
|--|--|
| <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Appointed as Non-Executive Independent Director for a period of Five years w.e.f. June 12, 2023 and is not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since May 09, 2023</p> <p><i>DIN:</i> 10147488</p>   |  |
| <p><b>Name:</b> Ravikant Moreshwar Mhatre</p> <p><b>Designation:</b> Non Executive and Independent Director</p> <p><b>Address:</b> Mavli Prasad Niwas, H no. 30, At post Koparkhairne, Navi Mumbai – 400705, Maharashtra, India</p> <p><b>Date of Birth:</b> June 25, 1971</p> <p><b>Age:</b> 52 years</p> <p><b>Occupation:</b> Business</p> <p><i>Term:</i> Appointed as Non-Executive Independent Director for a period of Five years w.e.f. June 12, 2023 and is not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since May 09, 2023</p> <p><b>DIN:</b> 06362676</p>                        | <p>Companies:</p> <ul style="list-style-type: none"> <li>• Virtuous Capital Limited</li> <li>• BEW Engineering Limited</li> <li>• Clinitech Laboratory Limited</li> </ul> <p>LLPs</p> <p>Nil</p>                 |
| <p><b>Shivani Shivshankar Tiwari</b></p> <p><i>Designation:</i> Non-Executive and Independent Director</p> <p><i>Address:</i> C-4, Kamlesh Apartment, Parsi Panchayat Road, Opp. Sona Udyog, Andheri East, Mumbai – 400069, Maharashtra, India.</p> <p><i>Date of Birth:</i> October 14, 1988</p> <p><i>Age:</i> 35 years</p> <p><i>Occupation:</i> Professional</p> <p><i>Term:</i> Appointed as Non-Executive Independent Director for a period of Five years w.e.f. June 12, 2023 and is not liable to retire by rotation</p> <p><i>Period of Directorship:</i> Director since May 09, 2023</p> <p><i>DIN:</i> 09359208</p> | <p>Companies:</p> <ul style="list-style-type: none"> <li>• Ducol Organics and Colours Limited</li> <li>• On Door Concepts Limited</li> </ul> <p>LLPs</p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> |

#### Relationship between our Directors

- Shobitha Malya is spouse of B. Manjunath Mallya.

## Brief Profile of our Directors

**B. Manjunath Mallya**, aged 54 years is the founding promoter and director on the board of the Company since incorporation is redesignated as Chairman and Managing Director w.e.f. July 18, 2023. He has passed second year B. Com. He has more than 20 years of experience in the field of supply and distribution of FMCG products in Coorg district, Karnataka. He started business in a proprietary firm Viz. M/s. Shanthala Enterprises, due to his sheer hard work and dedication our company has grown to be become one of the trusted and sought after distributor of quality products in our region. His two decade long understanding of the market and personal relationship with clients helps us not just to retain clients but also helps us to become a dependable and reliable channel partner for companies. As managing Director, he plays an important role in strategizing for future growth plans for our company.

**Shobitha Malya**, aged 44 years is the founding promoter and director on the board of the Company since incorporation is redesignated as Executive Director w.e.f. July 18, 2023. She has completed five-year LL.B. degree course from Mangalore University in 2002. She has more than 10 years of experience in the field of office administration, coordinating and streamlining purchases. Due to her efficient purchasing abilities, our Company has been able to maintain just in time inventory and efficiently manage working capital cycle.

**Smita Arjun Patil** aged 42 years, is the Non-Executive Independent Director of the Company. She has completed her Bachelor of Education from University of Mumbai. She has also done her M. A. from University of Mumbai. She is having 5 years of experience in the field of teaching Hindi and Marathi. She has been appointed as independent director w.e.f. May 09, 2023 to comply with corporate governance requirements.

**Ravikant Moreshwar Mhatre**, aged 52 years, is an Independent Director of our Company. He has completed his B. Com. from University of Bombay in October 1998. He has experience of more than 20 years in supply of sports merchandising. He is a sports person and keen follower of cricket since his college days and has turned his passion in to a business by sensing need for quality sports merchandising by the education institute. He has his own business of sourcing quality sports merchandising from the manufacturers and supplying them to education institutes. He has been on our Board of Directors since May 09, 2023 to comply with Corporate Governance requirements.

**Shivani Shivshankar Tiwari** aged 35 years is the Independent Director of our Company. She has completed her B. Com. and M. Com. from Mumbai University. She is also a qualified company secretary. She has over 5 years of experience in the field of secretarial and legal compliances. She has been appointed as independent director w.e.f. May 09, 2023 to comply with corporate governance requirements.

## Further Confirmations:

- There are no arrangements or understanding with major shareholders, customers, suppliers, or others, pursuant to which any of the Directors were selected as a Director.
- There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.
- None of the Directors is declared as wilful defaulters by the RBI or any bank or financial institution or consortium thereof.
- None of our Promoters or Directors of our Company are declared Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.
- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Prospectus, whose shares have been or were suspended from being traded on the Stock Exchange(s), during the term of their directorship in such company.
- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Prospectus, whose shares have been or were suspended from being traded on the Stock Exchange(s), during the term of their directorship in such company.
- None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is

debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

- No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms of companies in which they are interested by any person either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.
- No proceedings/ investigations have been initiated by SEBI against any company, the board of directors of which also comprises any of the Directors of our Company. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms of companies in which they are interested by any person either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

### Compensation of our Directors

#### Terms of Appointment of the Managing Director

**B. Manjunath Mallya** has been appointed as the Managing Director of our Company for a period of 5 years with effect from July 18, 2023 vide Shareholders resolution dated July 18, 2023. The significant terms of his employment are as under:

- i. Remuneration: Up to maximum of INR 30,00,000/- (Indian Rupees Thirty Lakhs Only) per annum.
- ii. The Managing Director shall be entitled to use the company's car, all the expenses for maintenance and running of the same including the salary of Driver to be bon-re by the Company.
- iii. Reimbursement of any other expenses properly incurred by him in accordance with rules of the Company.
- iv. Reimbursement of Medical Expenses & LTC as per the rules of the Company.
- v. Other perquisites, allowances, benefits and amenities as per the service rules of the Company as applicable from time to time.

#### Terms of Appointment of the Executive Director

**Shobitha Malya** has been appointed as the Executive Director of our Company for a period of 5 years with effect from July 18, 2023 vide Shareholders resolution dated July 18, 2023. The significant terms of her employment are as under:

- i. Remuneration: Up to maximum of INR 20,00,000/- (Indian Rupees Twenty Lakhs Only) per annum.
- ii. The Executive Director shall be entitled to use the company's car, all the expenses for maintenance and running of the same including the salary of Driver to be bon-re by the Company.
- iii. Reimbursement of any other expenses properly incurred by him in accordance with rules of the Company.
- iv. Reimbursement of Medical Expenses & LTC as per the rules of the Company.
- v. Other perquisites, allowances, benefits and amenities as per the service rules of the Company as applicable from time to time.

### Remuneration to Executive Directors

Details of remuneration paid to the Executive Directors in FY 2023 is as under:

| Name of the Director | Amount (Rs. In Lakhs) |
|----------------------|-----------------------|
| B. Manjunath Mallya  | 18.00                 |
| Shobitha Malya       | 9.00                  |

### Remuneration details of our Non-Executive and Independent Directors

Our Non- Executive and Independent Directors are entitled to consolidated sitting fees of Rs. 1,00,000/- (Rupees One Lakh Only) p.a. + GST thereon payable w.e.f. from May 09, 2023 and any other expenses incurred for and on behalf of the Company for attending meetings of the Board, or of any committee of the Board.

We have not paid any sitting fees to any of our Directors in the Financial Year 2023.

### Bonus or Profit-Sharing Plan of the Directors

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

### Shareholding of Directors in our Company

Our Articles of Association do not require our directors to hold qualification shares. As on date of the Prospectus, our directors hold the following number of Equity Shares of our Company:

| Name of Directors   | Number of Equity Shares Held (Pre-Issue) | Percentage of pre-Issue capital |
|---------------------|--|---------------------------------|
| B. Manjunath Mallya | 17,62,200                                | 35.73%                          |
| Shobitha Malya      | 80,000                                   | 1.62%                           |

### Interest of Directors

- Our Non-Executive Non-Independent Directors and Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of our Board and Committees thereof and reimbursement of expenses available to them and commission payable to them as approved by our Board. All our Executive Directors may be deemed to be interested to the extent of other remuneration and reimbursement of expenses payable to them.
- Our Promoters may be deemed to be interested in the promotion or formation of our Company. Our Directors may also be regarded as interested in the Equity Shares held by them, if any (together with dividends and any other distributions in respect of such Equity Shares).
- Except the property taken on lease by our Company for registered office and godown as disclosed in Business section, none of our Directors have any interest in any property acquired or proposed to be acquired of our Company or by our Company in the preceding three years.
- Further, none of our Directors have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.
- No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which any of our Directors are interested, by any person, either to induce him to become, or to qualify him as, as a Director, or otherwise for services rendered by our Directors or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.
- Except as disclosed in “Financial Statements” beginning on page 114 and as disclosed in this section, none of our Directors have any interest in our business.
- Further, except as disclosed in “Financial Statements” beginning on page 114, no loans have been availed by our Directors from our Company.

### 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 change | Reason  |
|---------------------|----------------|---|
| B. Manjunath Mallya | July 18, 2023  | Re-designation as Chairperson & Managing Director |
| Shobitha Malya      | July 18, 2023  | Re-designation as Executive Director              |
| Smita Arjun Patil   | May 09, 2023   | Appointment as Independent Director               |



| Name of Director           | Date of change | Reason                              |
|----------------------------|----------------|-------------------------------------|
| Ravikant Moreshwar Mhatre  | May 09, 2023   | Appointment as Independent Director |
| Shivani Shivshankar Tiwari | May 09, 2023   | Appointment as Independent Director |

### Borrowing Powers of our Board

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum of money for the purposes of our Company. Pursuant to a resolution passed by our shareholders at their meeting held on July 18, 2023, our shareholders have authorized our Board to borrow any sum of money from time to time notwithstanding that the sum or sums so borrowed together with the monies, if any, already borrowed by the company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the paid up capital and free reserves of the Company provided such amount does not exceed ₹1,00,00,00,000 (Rupees Hundred Crores Only) in excess of its paid up capital and free reserves which may have not been set apart for any purpose.

### Corporate Governance

The provisions of the SEBI (LODR) Regulations with respect to corporate governance will also be applicable to our Company immediately upon the listing of our Equity Shares with the Stock Exchange. Our Company is in compliance with the requirements of the applicable regulations, including the SEBI (LODR) Regulations, the SEBI (ICDR) Regulations and the Companies Act, 2013 in respect of corporate governance including constitution of the Board and committees thereof.

Our Board has been constituted in compliance with the Companies Act and SEBI (LODR) Regulations, to the extent applicable. Our Board functions either as a full board or through various committees constituted to oversee specific functions. In compliance with the requirements of the Companies Act and the SEBI (LODR) Regulations, to the extent applicable our Board of Directors consists of 5 (five) Directors (including one woman Director) of which three are non-executive Independent Directors which is in compliance with the requirements of Regulation 17 of SEBI (LODR) Regulations.

### Committees of our Board

Our Board has constituted the following committees including those for compliance with corporate governance requirements:

#### a. *Audit Committee*

Our Audit Committee was constituted pursuant to a resolution of our Board dated July 14, 2023. The Audit Committee comprises:

| Name of Director           | Status in Committee | Nature of Directorship             |
|----------------------------|---------------------|------------------------------------|
| Ravikant Moreshwar Mhatre  | Chairman            | Non-executive Independent Director |
| Shivani Shivshankar Tiwari | Member              | Non-executive Independent Director |
| Smita Arjun Patil          | Member              | Non-executive Independent Director |

The Company Secretary of the Company shall act as the Secretary of the Audit Committee.

Set forth below are the scope, functions, and the terms of reference of our Audit Committee, in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations.

#### A. *Powers of Audit Committee*

The Audit Committee shall have powers, including the following:

- 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 Audit Committee*

The role of the Audit Committee shall include the following:

- Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient, and credible;
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of our Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - 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;
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by management;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Modified opinion(s) in the draft audit report.
- Reviewing, the quarterly financial statements with the management before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of our Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of our Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- Discussion with internal auditors of any significant findings and follow up there on;
- 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;
- Discussion with statutory auditors before the commencement of the audit, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To establish and review the functioning of the whistle blower mechanism;
- Approval of appointment of the chief financial officer (*i.e.*, the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, and background, etc. of the candidate;
- Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the SEBI (LODR) Regulations or by any other regulatory authority; and
- Review of (1) management discussion and analysis of financial condition and results of operations; (2) statement of significant related party transactions (as defined by the audit committee), submitted by management; (3) management letters / letters of internal control weaknesses issued by the statutory auditors; (4) internal audit reports relating to internal control weaknesses; (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; (6) statement of deviations including (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI (LODR) Regulations; (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 SEBI (LODR) Regulations.

As required under Regulation 18 of the SEBI (LODR) Regulations, the Audit Committee shall meet at least four times in a year, and not more than four months shall elapse between two meetings. The quorum shall be two members present, or one-third of the members, whichever is greater, provided that there should be a minimum of two independent members present.

**b. Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated July 14, 2023. The Stakeholders' Relationship Committee comprises:

| <b>Name of Director</b>    | <b>Status in Committee</b> | <b>Nature of Directorship</b>      |
|----------------------------|----------------------------|------------------------------------|
| Ravikant Moreshwar Mhatre  | Chairman                   | Non-executive Independent Director |
| Shivani Shivshankar Tiwari | Member                     | Non-executive Independent Director |
| Smita Arjun Patil          | Member                     | Non-executive Independent Director |
| B. Manjunath Mallya        | Member                     | Chairman & Managing Director       |

The Company Secretary of the Company shall act as the Secretary of the Stakeholders' Relationship Committee.

Set forth below are the terms of reference of our Stakeholders' Relationship Committee.

- To look into the redressal of grievances of shareholders, debenture holders and other security holders;
- To investigate complaints relating to allotment of shares, approval of transfer or transmission of shares;
- To consider and resolve the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends; and
- To carry out any other function as prescribed under the SEBI (LODR) Regulations as and when amended from time to time.

**c. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted by our Board on July 14, 2023. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI (LODR) Regulations. The Nomination and Remuneration Committee include the following:

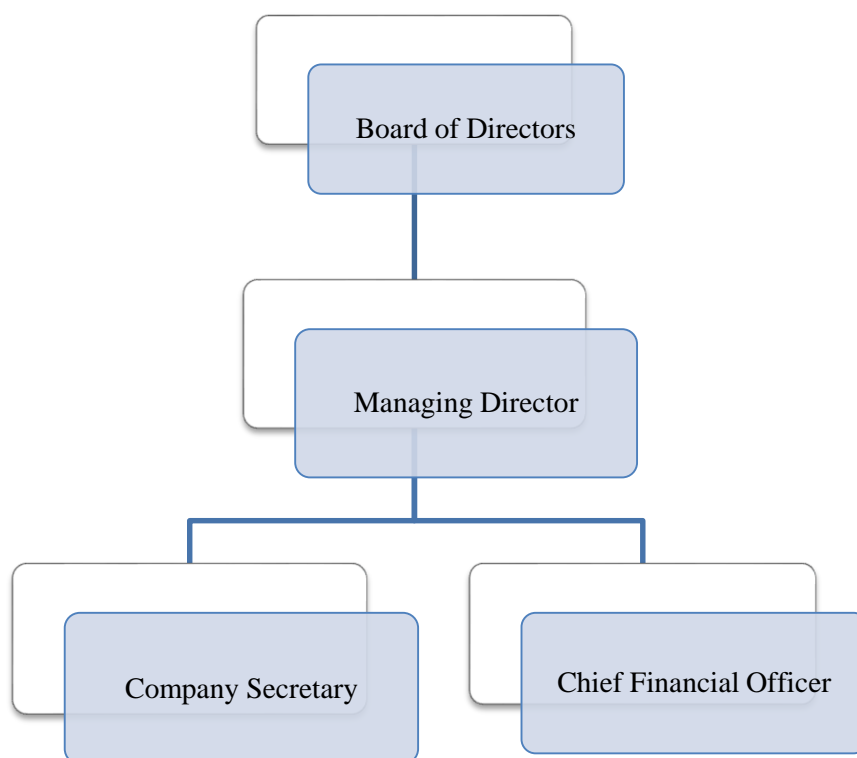
| <b>Name of Director</b>    | <b>Status in Committee</b> | <b>Nature of Directorship</b>      |
|----------------------------|----------------------------|------------------------------------|
| Ravikant Moreshwar Mhatre  | Chairman                   | Non-executive Independent Director |
| Shivani Shivshankar Tiwari | Member                     | Non-executive Independent Director |
| Smita Arjun Patil          | Member                     | Non-executive Independent Director |

The Company Secretary of the Company shall act as the Secretary of the Nomination and Remuneration Committee.

The scope, functions and the terms of reference of the Nomination and Remuneration Committee is in accordance with the Section 178 of the Companies Act, 2013 read with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Set forth below are the terms of reference of our Nomination and Remuneration Committee.

- 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. The Nomination and Remuneration Committee shall, while formulating such policy ensure that (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
- Devising a policy on diversity of board of directors;
- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- To extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

## ORGANIZATION STRUCTURE



## OUR KEY MANAGERIAL PERSONNEL

Set forth below are the details of our key managerial personnel in addition to our Managing Director, Whole-time Director as on the date of the Prospectus. For details of our Managing Director, Whole-time Director please refer “*Our Management*” on page 96.

**Yogish Mallya**, aged 51 years is the promoter and CFO w.e.f. May 09, 2023. He is under graduate by qualification but has more than 20 years of experience in the field of handling distribution business of M/s. Shanthala Enterprises and handling its finance & accounting, tax, etc. His understanding of the market dynamics and intricacies of distribution business has helped us in obtaining bank finance and managing the same in efficient manner. As CFO he plays important role in managing finances and day to day financial affairs, accounts and audit related matters and guiding the Company for future growth plans. The remuneration paid to him as CFO during fiscal ended March 31, 2023 was Nil.

**Snehal Ravindra Bhagwat**, aged 25 years, is the Company Secretary & Compliance Officer of our Company. She has completed her Bachelors in Commerce from University of Mumbai in 2018 and Company Secretary from ICSI in 2020. She has also done M. Com. from University of Mumbai in 2020. She has experience of over 3 years in the field of Company Law and secretarial compliances. She has been associated with our Company since June 01, 2023. The remuneration paid to her during fiscal ended March 31, 2023 was Nil .

### Shareholding of KMP

None of the above-mentioned key managerial personnel hold any Equity Shares in our Company, except CFO who is also promoter of our Company. For details of shareholding of our Directors and key managerial personnel, please refer “*Capital*

Structure” on page 45.

### **Status of Key Managerial Personnel**

All our key managerial personnel are permanent employees of our Company.

### **Nature of family relationship**

None of the above-mentioned key managerial personnel are related to each other and neither are they related to our Promoters or Directors, except CFO who himself is Promoter of the Company and brother of B. Manjunath Mallya and Brother in law of Shobitha Malya.

### **Arrangements and Understanding with Major Shareholders**

None of our key managerial personnel or Directors has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers, or others. For more information, refer “*History and Certain Other Corporate Matters*” on page 93.

### **Bonus or Profit-Sharing Plan for our Key Managerial Personnel**

As on the date of this Prospectus our Company does not have any performance linked bonus or profit-sharing plan with any of our key managerial personnel.

### **Loans to Key Managerial Personnel**

There is no loan outstanding against any of the key managerial personnel as on date of this Prospectus.

### **Interest of Key Managerial Personnel**

Except as disclosed in “*Interest of Directors*” on page 100 in respect of Directors, no other Key Managerial Personnel of our Company has any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. There is no contingent or deferred compensation accrued for the year payable to the Key Managerial Personnel, even if the compensation is payable at a later date.

Further, the Key Managerial Personnel may be regarded as interested in the Equity Shares held by them, if any, (together with dividends and any other distributions in respect of such Equity Shares). No loans have been availed by our Key Managerial Personnel from our Company.

### **Employees Stock Option Scheme**

Our Company does not have any Employee Stock Option Scheme/ Employee Stock Purchase Scheme as on the date of filing of the Prospectus.

### **Payment or Benefit to officers of our Company**

Except as disclosed in this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any of our Company’s employees including the Key Management Personnel within the two years preceding the date of filing of this Prospectus, except for the payment of remuneration or commission for services rendered as an officer of our Company.

### **Changes in our Company’s Key Managerial Personnel during the last three years**

Except as disclosed below, there have been no changes in our Key Managerial Personnel during the last three years




| <b>Name of Employee</b> | <b>Date of appointment</b> | <b>Date of cessation</b> | <b>Reason</b>                          |
|-------------------------|----------------------------|--------------------------|--|
| Yogish Mallya           | May 09, 2023               | -                        | Appointed as CFO                       |
| Snehal Ravindra Bhagwat | June 01, 2023              | -                        | Appointed as CS and Compliance Officer |

## OUR PROMOTERS AND PROMOTER GROUP

### Individual Promoter:

1. B. Manjunath Mallya
2. Shobitha Malya
3. Sneha Vinayak Kudva
4. Yogish Mallya

### Details of our Promoters

|   |  |
|---|--|
|    | <p><b>B. Manjunath Mallya</b>, aged 54 years is the founding promoter and director on the board of the Company since incorporation is redesignated as Chairman and Managing Director w.e.f. July 18, 2023. He has passed second year B. Com. He has more than 20 years of experience in the field of supply and distribution of FMCG products in Coorg district, Karnataka. He started business in a proprietary firm Viz. M/s. Shanthala Enterprises, due to his sheer hard work and dedication our company has grown to be become one of the trusted and sought after distributor of quality products in our region. His two decade long understanding of the market and personal relationship with clients helps us not just to retain clients but also helps us to become a dependable and reliable channel partner for companies. As managing Director, he plays an important role in strategizing for future growth plans for our company.</p> <p>For a complete profile of B. Manjunath Mallya, and other directorships, please refer “<i>Our Management</i>” on page 96.</p> <p>As on date of the Prospectus, B. Manjunath Mallya holds 17,62,200 Equity Shares representing 35.73% of the pre-issue paid-up share capital of our Company.</p> |
|  | <p><b>Shobitha Malya</b>, aged 44 years is the founding promoter and director on the board of the Company since incorporation is redesignated as Executive Director w.e.f. July 18, 2023. She has completed five-year LL.B. degree course from Mangalore University in 2002. She has more than 10 years of experience in the field of office administration, coordinating and streamlining purchases. Due to her efficient purchasing abilities, our Company has been able to maintain just in time inventory and efficiently manage working capital cycle.</p> <p>For a complete profile of Shobitha Malya, and other directorships, please refer “<i>Our Management</i>” on page 96.</p> <p>As on date of the Prospectus, Shobitha Malya holds 80,000 Equity Shares representing 1.62% of the pre-issue paid-up share capital of our Company.</p>  |
|  | <p><b>Sneha Vinayak Kudva</b>, aged 46 years is the Promoter. She has done Bachelor of Business Management from Mangalore University. She has 15 years of experience in accounts and administration. She has been working as Chief Financial Officer at Virtuous Capital Limited for last 15 years. Other than shareholder she has no role in the activities of Shanthala.</p> <p>As on date of the Prospectus, Sneha Vinayak Kudva holds 11,91,400 Equity Shares representing 24.16% of the pre-issue paid-up share capital of our Company.</p>   |



**Yogish Mallya**, aged 50 years is the promoter and CFO w.e.f. May 09, 2023. He is under graduate by qualification but has more than 20 years of experience in the field of handling distribution business of M/s. Shanthala Enterprises and handling its finance & accounting, tax, etc. His understanding of the market dynamics and intricacies of distribution business has helped us in obtaining bank finance and managing the same in efficient manner. As CFO he plays important role in managing finances and day to day financial affairs, accounts and audit related matters and guiding the Company for future growth plans.

For a complete profile of Yogish Mallya, please refer “Our Management” on page 96.

As on date of the Prospectus, Yogish Mallya holds 7,83,200 Equity Shares representing 15.89% of the pre-issue paid-up share capital of our Company.

**Declaration:** We confirm that the PAN, bank account number and passport number and other applicable details of our Promoters will be submitted to NSE on whose EMERGE Platform the Equity Shares are proposed to be listed at the time of filing this Prospectus.

### Interest of our Promoters

Our Promoters are interested in our Company to the extent (i) that they have promoted our Company; (ii) of their shareholding and the shareholding of relatives in our Company and the dividend payable, if any and other distributions in respect of the Equity Shares held by them or the relatives; (iii) of being Chairman and Key Management Personnel of our Company and the remuneration, sitting fees and reimbursement of expenses payable by our Company to them; (iv) that she has mortgaged her personal properties and provided personal guarantees for the loans availed by our Company; (v) of being a subscriber to the Memorandum of Association of our Company; (v) of her relatives having been appointed to places of profit in our Company; and (vi) that our Company has undertaken transactions with them, or their relatives or entities in which our Promoter hold shares. For details regarding the shareholding of our Promoter in our Company, please refer “Capital Structure”, “Our Management” and “Related Party Transactions” on pages 45, 96 and 135, respectively.

Except the property taken on lease by our Company for registered office and godown as disclosed in Business section, our Promoter do not have any interest in any property acquired by our Company within two years of the date of this Prospectus or proposed to be acquired by it or in any transaction in acquisition of land and construction of building etc. Further, our Promoter do not have any interest in any supply of machinery to our Company.

Other than as disclosed in the section “Related Party Transaction as Restated” on page 135, there are no sales/purchases between our Company and our Promoter and Promoter Group and Group Companies where such sales or purchases exceeding in value in the aggregate 10% of the total sales or purchases of our Company or any business interest between our Company, our Promoter, our Promoter Group and Group Entities as on the date of the last audited financial statements.

Our Promoters may also be deemed to be interested in our Company to the extent of the personal guarantees given by them for the loans availed by our Company. For further details, please see the chapter titled “Financial Indebtedness” beginning on page 147 of this Prospectus.

Our Promoters are not members of any firm or company having any interest in the Company for which any sums are paid or agreed to be paid to either of our Promoters or to the firm or company in cash or shares or otherwise by any person either to induce our Promoters to become, or to qualify our Promoters as, a director, or otherwise for services rendered by our Promoters or by the firm or company, in connection with the promotion or formation of the Company.

### Change in the management and control of our Company

There has been no change in the management and control of our Company since incorporation.

### Group Company

For details of our group entities, please refer “Our Group Entities” on page 109 of the Prospectus.

### Payment of Benefit to Promoters

Except as stated above in “– *Interest of Promoters*” and in “*Financial Statements- Annexure XV – Statement of Related Party Transactions*” on pages 107 and 112 of the Prospectus, there has been no payment of benefits to our Promoters, members of our Promoter Group and Group Entities, during the two years preceding the filing of the Prospectus.

### **Material Guarantees**

Our Promoters have not given any material guarantees to any third parties with respect to the Equity Shares, as on the date of this Prospectus.

### **Common Pursuits**

Our Promoter Group Entities namely, M/s. Shanthala Enterprises, proprietary concern owned by Mrs. Sharada Malya, mother of our promoter B. Manjunath Mallya, have business similar to our Company. We have not entered into any non-compete agreement with the said entities.

### **Litigation**

For details relating to legal proceedings involving the Promoters, please refer ‘*Outstanding Litigations and Material Developments*’ on page 149 of the Prospectus.

### **Other Confirmations**

Our Promoters and their relatives have not been declared as Wilful Defaulters and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

None of our Promoters or Directors are Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of the Promoters, Promoter Group entities or Group Companies 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 promoters, 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 Offer against our Promoters, except as disclosed under the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page 149 of this Prospectus.

Except as disclosed in “*Related Party Transactions*” on page 135, our Promoters are not related to any of the sundry debtors or beneficiaries of loans and advances of our Company.

Our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company.

### **Guarantees**

Our Promoters have not given any guarantee to any third party as of the date of the Prospectus.

### **Companies with which our Promoters have disassociated in the last three years**

Our Promoters have not disassociated themselves as a promoter(s) from any Company in three years preceding the date of the Prospectus.



## OUR PROMOTER GROUP

In addition to the Promoters named above, the following individuals and entities form part of the Promoter Group:

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

| Relationship     | B. Manjunath Mallya                          | Shobitha Malya                               | Sneha Vinayak Kudva                          | Yogish Mallya                      |
|------------------|--|--|--|------------------------------------|
| Father           | B. Pundalika Mallya                          | Keshava Baliga                               | B. Pundalika Mallya                          | B. Pundalika Mallya                |
| Mother           | B. Sharada Malya                             | Jayanthi Baliga                              | Sharada Malya                                | B. Sharada Malya                   |
| Spouse           | Shobitha Malya                               | B. Manjunath Mallya                          | Vinayak Kudva                                | B. Mamatha                         |
| Brother          | Yogish Mallya                                | Narayana Baliga /<br>Guru Vinayaka<br>Baliga | B. Manjunath<br>Mallya;<br><br>Yogish Mallya | B. Manjunath Mallya                |
| Sister           | Vidhya Kamath /<br>Sneha Kudva               | -  | Vidya Kamath G                               | Vidhya Kamath /<br>Sneha Kudva     |
| Son              | B. Harsha Mallya /<br>B. Dhanush Mallya      | B. Harsha Mallya /<br>B. Dhanush Mallya      | Hrishikesh Kudva                             | Avinash Mallya /<br>Anirudh Mallya |
| Daughter         | -  | -  | Anushri Kudva                                | -                                  |
| Spouse's Father  | Keshava Baliga                               | B. Pundalika Mallya                          | Deceased                                     | Late K. Gopal                      |
| Spouse's Mother  | Jayanthi Baliga                              | B. Sharada Malya                             | Vasanthi Kudva                               | Meenakshi Gopal                    |
| Spouse's Brother | Narayana Baliga /<br>Guru Vinayaka<br>Baliga | Yogish Mallya                                | Santosh Kudva                                | Ajith Gopal                        |
| Spouse's Sister  | -  | Vidhya Kamath /<br>Sneha Kudva               | -  | G. Prema Gopal                     |

### B. Entities forming part of Promoter Group:

#### *Companies*

- Virtuous Capital Limited

#### *LLPs*

Nil

#### *Partnership Firms*

Nil

#### *H.U.F.*

Nil

#### *Proprietary concern*

- Shanthala Enterprises – Prop. Sharada Malya

## OUR GROUP ENTITIES

As per the requirements of SEBI (ICDR) Regulations, for the purpose of identification of ‘Group Companies’, our Company considered companies as covered under the applicable accounting standards, being AS 18 (as mentioned in our restated financial statements), or other companies as considered material by our Board.

Accordingly, our Board has identified following entities as our Group Companies, and other than these entities, there are no companies which are considered material by the Board to be identified as group companies. Set forth below are details of our Group Companies as on the date of this Red Herring Prospectus.

We do not have any group Company as on the date of this Prospectus according to the criteria set out above.

### Litigation

There is no outstanding litigation involving our Group Companies which have a material impact on our Company.

### Group Companies under the Insolvency and Bankruptcy Code, 2016

Neither has any winding up petition been filed under the Companies Act, 2013 against any group company nor has any corporate insolvency resolution process commenced against such group company under the Insolvency and Bankruptcy Code, 2016 or any other applicable law.

### Defunct Group Companies

None of our Group Companies are defunct companies, nor has any application been made to strike off their names from the register of companies during the five years preceding the date of filing the Prospectus.

### Related Party Transactions and sales and purchases between our Company and Group Entities

For details of related party transactions entered into by our Company, refer “*Related Party Transactions*” on page 135.

### Common Pursuits

There are no common pursuits amongst any of our Group Companies and our Company, however our Promoter Group Entity namely, M/s. Shanthala Enterprises, proprietary concern owned by Mrs. Sharada Malya, mother of our promoter B. Manjunath Mallya, have business similar to our Company. We have not entered into any non-compete agreement with the said entities.

### Interest of Group Entities

- a) None of the Group Companies have any interest in the promotion of our Company.
- (b) None of the Group Companies are interested in the properties acquired or proposed to be acquired by our Company in the preceding three years.
- (c) Except as disclosed in “*Financial Statements*” beginning on page 146, none of the Group Companies is interested in any transactions for acquisition of land, construction of building or supply of machinery.
- (d) Except in the ordinary course of business as disclosed in “*Financial Statements*” beginning on page 114, none of the Group Companies have any business interest or other interests in our Company.

### Payment or Benefit to our Group Entities

Except as stated in the “*Related Party Transactions*” on page, there has been no payment of benefits to our Group Entities during the two years prior to the filing of this Prospectus.

### **Other Confirmations**

As on the date of this Prospectus, none of the Group Entities: (i) are listed on any stock exchange; (ii) have completed any public or rights issue since the date of its incorporation; (iii) has received any winding up petition accepted by a court; (iv) have become defunct; (v) have made an application to the relevant registrar of companies (in India), for striking off its name (vi) have been identified as wilful defaulters, as defined under the SEBI (ICDR) Regulations and there are no violations of securities laws committed by them in the past and no proceedings pertaining to such penalties are pending against them (vii) have been refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad (viii) had negative net worth as of the date of their last audited financial statements.

## **RELATED PARTY TRANSACTIONS**

For details of related party transactions of our Company as per the requirements under Accounting Standard 18 “*Related Party Disclosures*” issued by the Institute of Chartered Accountants of India and as reported in the Restated Financial Statements, please refer “*Statement of Related Parties & Transactions*” on page 135.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. The dividend, if any, will depend on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions, and overall financial position of our Company. Our Company has not declared any dividend in last three financial years.

Our Company has no formal dividend policy. Our Board may also, from time to time and in accordance with applicable laws, pay interim dividends from the profits of the Financial Year in which such interim dividend is sought to be declared.

**SECTION VI – FINANCIAL INFORMATION  
FINANCIAL STATEMENTS**

**RESTATED FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR’S REPORT**

(As required by Section 26 of Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014)

To,  
**The Board of Directors**  
**SHANTHALA FMCG PRODUCTS LIMITED**  
7th Block, Gandhinagr Bye Pass Road,  
Virajpet, Kodagu - 571218,  
Karnataka, India

Dear Sir,

**1. Report on Restated Financial Statements**

We have examined the Restated Financial Statements of **Shanthala FMCG Products Limited** (hereinafter referred as “the Company”), the summarized statements of which annexed to this report have been prepared in accordance with the requirements of:

- i. Section 26 read with the applicable provisions within Rule-4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 of Companies Act, 2013, As amended (hereinafter referred to as the “Act”) and
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“the Regulation”) (“SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto;
  - iii. The terms of reference to our engagements with the Company requesting us to examine financial statements referred to above and proposed to be included in the Draft Prospectus /Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares on SME Platform of Stock Exchange (“IPO” or “SME IPO”);
  - iv. The (Revised) Guidance Note on Reports in Company Prospectus issued by the Institute of Chartered Accountants of India (“ICAI”); and
  - v. In terms of Schedule VI of the SEBI (ICDR) Regulations, 2018 and other provisions relating to accounts, We, M/s Kale Malde & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.
2. The Restated Summary Statements and Financial information of the Company have been extracted and prepared by the management from the Audited Financial Statements of the Company for the period ended August 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021 which have been approved by the Board of Directors.
3. Financial Statements for the period ended August 31, 2023 and for the financial year ended March 31, 2023 have been audited by us, further the financial statements for the year ended March 31, 2022 and 2021 was audited by M/s A. Gopalakrishna, Chartered Accountants, being then Statutory Auditor of the Company for the respective years, which are all approved by the Board of Directors as on that date and are audited by us for the purpose of restatement as required under SEBI ICDR Regulations.

**4. Financial Information as per Audited Financial Statements:**

- i. We have examined:
  - a. The attached Restated Statement of Assets and Liabilities of the company, for the period ended August 31, 2023 and as at March 31, 2023, 2022 and 2021, (Annexure I);

- b. The attached Restated Statement of Profits and Losses of the Company for the period ended August 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021, (Annexure II);
- c. The attached Restated Statement of Cash Flows of the Company for the period ended August 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021, (Annexure III);
- d. The Significant Accounting Policies adopted by the Company and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings. (Annexure IV);

(Collectively hereinafter referred as “**Restated Financial Statements**” or “**Restated Summary Statements**”)

- ii. In accordance with the requirements of Act, ICDR Regulations as amended from time to time, Guidance Note on the reports in Company Prospectus (Revised) issued by ICAI and the terms of our Engagement Letter, we further report that:
  - a. The “Restated Statement of Assets and liabilities” as set out in Annexure I to this report, of the Company for the period ended August 31, 2023 and as at March 31, 2023, 2022 and 2021 are prepared by the Company and approved by the Board of Directors. This Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments and regroupings to the individual Financial Statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in Annexure IV to this Report.
  - b. The “Restated Statement of Profit and Loss” as set out in Annexure II to this report, of the Company for the period ended August 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in Annexure IV to this Report.
  - c. The “Restated Statement of Cash Flow” as set out in Annexure III to this report, of the Company for the period ended August 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021, are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure IV to this Report.

Based on the above we are of the opinion that “**Restated Financial Statements**” or “**Restated Summary Statements**” have been made after incorporating:

- a. There are no adjustments for any material amounts in the respective financial years have been made to which they relate, other than the adjustment for Deferred Tax and depreciation.
- b. There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements.
- c. There were no audit qualifications for which adjustment was required.
- d. There was no change in accounting policies, which needs to be adjusted in the Restated Financial Statements.
- e. There are no revaluation reserves, which need to be disclosed separately in the Restated Financial Statements.
- f. The Company has not paid dividend on its equity shares.

## 5. Other Financial Information:

- I. We have also examined the following financial information as set out in annexure prepared by the Management and as approved by the Board of Directors of the Company for the period ended August 31, 2023 and for the financial years ended March 31, 2023, 2022 and 2021.

| PARTICULARS  | ANNEXURE NO. |
|--|--------------|
| STATEMENT OF ASSETS AND LIABILITIES AS RESTATED                            | I            |
| STATEMENT OF PROFIT & LOSS AS RESTATED                                     | II           |
| STATEMENT OF CASH FLOWS AS RESTATED  | III          |
| SIGNIFICANT ACCOUNTING POLICY AND NOTES TO THE RESTATED SUMMARY STATEMENTS | IV           |
| STATEMENT OF SHARE CAPITAL AS RESTATED                                     | I.1          |
| STATEMENT OF RESERVES AND SURPLUS AS RESTATED                              | I.2          |
| STATEMENT OF LONG-TERM BORROWINGS AS RESTATED                              | I.3          |
| STATEMENT OF DEFERRED TAX LIABILITIES AS RESTATED                          | I.4          |
| STATEMENT OF SHORT-TERM BORROWINGS AS RESTATED                             | I.5          |
| STATEMENT OF TRADE PAYABLES AS RESTATED                                    | I.6          |
| STATEMENT OF OTHER CURRENT LIABILITIES AS RESTATED                         | I.7          |
| STATEMENT OF SHORT-TERM PROVISIONS   | I.8          |
| STATEMENT OF FIXED ASSETS AS RESTATED                                      | I.9          |
| STATEMENT OF NON-CURRENT INVESTMENTS AS RESTATED                           | I.10         |
| STATEMENT OF LONG TERM LOANS AND ADVANCES AS RESTATED                      | I.11         |
| STATEMENT OF INVENTORIES AS RESTATED                                       | I.12         |
| STATEMENT OF TRADE RECEIVABLES AS RESTATED                                 | I.13         |
| STATEMENT OF CASH AND CASH EQUIVALENTS AS RESTATED                         | I.14         |
| STATEMENT OF SHORT-TERM LOANS & ADVANCES AS RESTATED                       | I.15         |
| STATEMENT OF OTHER CURRENT ASSETS AS RESTATED                              | I.16         |
| STATEMENT OF REVENUE FROM OPERATIONS AS RESTATED                           | II.1         |
| STATEMENT OF OTHER INCOME AS RESTATED                                      | II.2         |
| STATEMENT OF COST OF GOODS SOLD AS RESTATED                                | II.3         |
| STATEMENT OF EMPLOYEE BENEFIT EXPENSES AS RESTATED                         | II.4         |
| STATEMENT OF OTHER EXPENSES AS RESTATED                                    | II.5         |
| STATEMENT OF FINANCIAL CHARGES AS RESTATED                                 | II.6         |
| STATEMENT OF RELATED PARTY TRANSACTIONS AS RESTATED                        | V            |
| <b>OTHER FINANCIAL INFORMATION</b>   |              |
| STATEMENT OF ACCOUNTING RATIOS AS RESTATED                                 | VI           |
| STATEMENT OF CAPITALIZATION AS RESTATED                                    | VII          |

- II. The Restated Financial Information contain all the disclosures required by the SEBI ICDR regulations and partial disclosures as required by Accounting Standards notified under section 133 of Companies Act, 2013.
- III. We have not audited any financial statements of the Company as of any date or for any period subsequent to August 31, 2023. Accordingly, we do not express any opinion on the financial position, results or cash flows of the Company as of any date or for any period subsequent to August 31, 2023.
- IV. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.
- V. In our opinion, the above restated financial information contained in this report read along with the are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with paragraph B, Part II of Schedule II of the Act, the SEBI Regulations, The Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with the Company. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.



- VI. The financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
- VII. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report, nor should this be construed as a new opinion on any of the financial statements referred to herein.
- VIII. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
- IX. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO-SME for Proposed Issue of Equity Shares of the Company and our report should not be used, referred to or adjusted for any other purpose without our written consent.

## **6. Auditor's Responsibility**

Our responsibility is to express an opinion on these restated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **7. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the restated financial statements read together with the notes thereon, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, to the extent applicable.

As per our Report Attached

**For Kale Malde & Co.**  
**Chartered Accountants**

**CA Alpesh Malde**  
**Partner**  
**Membership No: 138034**  
**FRN: 154422W**

**Date: October 16, 2023**  
**Place: Dombivli**

**UDIN: 23138034BGPNOZ8633**

## Annexure I

## STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(₹ in Lakhs)

| Particulars                         | Note No. | 31.08.23      | 31.03.23      | 31.03.22      | 31.03.21      |
|-------------------------------------|----------|---------------|---------------|---------------|---------------|
| <b>Equity &amp; Liabilities</b>     |          |               |               |               |               |
| <b>Shareholders Fund</b>            |          |               |               |               |               |
| Share capital                       | I.1      | 493.17        | 50.00         | 50.00         | 50.00         |
| Reserves and surplus                | I.2      | 56.15         | 93.22         | 75.49         | 70.97         |
| <b>Total Shareholder's Fund</b>     |          | <b>549.32</b> | <b>143.22</b> | <b>125.49</b> | <b>120.97</b> |
| <b>Non Current Liabilities</b>      |          |               |               |               |               |
| Long Term Borrowings                | I.3      | 150.03        | 168.64        | 204.69        | 262.89        |
| Long term provisions                |          | 0.00          | 0.00          | 0.00          | 0.00          |
| Deferred Tax Liability (Net)        | I.4      | 0.02          | 0.06          | 0.00          | 0.00          |
| <b>Total Current Liabilities</b>    |          | <b>150.05</b> | <b>168.70</b> | <b>204.69</b> | <b>262.89</b> |
| <b>Current Liabilities</b>          |          |               |               |               |               |
| Short Term Borrowings               | I.5      | 95.23         | 278.40        | 261.50        | 142.67        |
| Trade Payables                      | I.6      | 5.74          | 37.96         | 14.70         | 19.83         |
| Other Current Liabilities           | I.7      | 5.27          | 11.34         | 7.13          | 17.44         |
| Short Term Provisions               | I.8      | 21.71         | 17.59         | 2.28          | 5.87          |
| <b>Total Current Liabilities</b>    |          | <b>127.95</b> | <b>345.29</b> | <b>285.61</b> | <b>185.81</b> |
| <b>Total Equity &amp; Liability</b> |          | <b>827.32</b> | <b>657.21</b> | <b>615.79</b> | <b>569.67</b> |
| <b>Non-Current Assets</b>           |          |               |               |               |               |
| a) Fixed Assets                     |          |               |               |               |               |
| Tangible Assets                     | I.9      | 235.54        | 235.67        | 236.79        | 237.40        |
| Intangible Assets                   |          | 0.00          | 0.00          | 0.00          | 0.00          |
| Capital WIP                         |          | 0.00          | 0.00          | 0.00          | 0.00          |
| <b>Total Fixed Assets (a)</b>       |          | <b>235.54</b> | <b>235.67</b> | <b>236.79</b> | <b>237.40</b> |
| b) Non Current Investments          | I.10     | 46.53         | 45.48         | 43.40         | 0.00          |
| c) Long term Loans and Advances     | I.11     | 16.93         | 16.93         | 16.58         | 0.00          |
| d) Other Non Current Assets         |          | 0.00          | 0.00          | 0.00          | 0.00          |
| e) Deferred Tax Assets              |          | 0.00          | 0.00          | 0.00          | 0.00          |
| <b>Total Non Current Assets</b>     |          | <b>299.00</b> | <b>298.08</b> | <b>296.77</b> | <b>237.40</b> |
| <b>Current assets</b>               |          |               |               |               |               |
| Current Investments                 |          | 0.00          | 0.00          | 0.00          | 0.00          |
| Inventories                         | I.12     | 136.25        | 107.50        | 111.04        | 79.08         |
| Trade Receivables                   | I.13     | 243.01        | 99.85         | 75.50         | 171.37        |
| Cash and Cash Equivalents balances  | I.14     | 94.17         | 137.57        | 64.23         | 48.63         |
| Short Term Loans and advances       | I.15     | 38.62         | 14.02         | 64.00         | 0.00          |
| Other Current Assets                | I.16     | 16.27         | 0.19          | 4.25          | 33.19         |
| <b>Total Current Assets</b>         |          | <b>528.32</b> | <b>359.13</b> | <b>319.02</b> | <b>332.27</b> |
| <b>Total Assets</b>                 |          | <b>827.32</b> | <b>657.21</b> | <b>615.79</b> | <b>569.67</b> |

## Annexure II

## STATEMENT OF PROFIT &amp; LOSS AS RESTATED

(₹ in Lakhs)

| Particulars   | Note No. | 31.08.23        | 31.03.23        | 31.03.22        | 31.03.21        |
|---|----------|-----------------|-----------------|-----------------|-----------------|
| <b>Income</b>   |          |                 |                 |                 |                 |
| Revenue from Operations                                 | II.1     | 1,574.24        | 4,051.59        | 3,225.87        | 3,929.64        |
| Other Income  | II.2     | 11.34           | 25.66           | 28.70           | 26.03           |
|   |          |                 |                 |                 |                 |
| <b>Total Revenue</b>                                    |          | <b>1,585.58</b> | <b>4,077.25</b> | <b>3,254.57</b> | <b>3,955.67</b> |
|   |          |                 |                 |                 |                 |
| <b>Expenditure</b>                                      |          |                 |                 |                 |                 |
| Cost of Goods Sold                                      | II.3     | 1,511.57        | 3,935.81        | 3,132.55        | 3,810.31        |
| Employee Benefit Expenses                               | II.4     | 24.85           | 49.01           | 45.46           | 36.40           |
| Other Expenses  | II.5     | 18.74           | 23.48           | 28.57           | 43.50           |
|   |          |                 |                 |                 |                 |
| <b>Total (B)</b>  |          | <b>1,555.16</b> | <b>4,008.30</b> | <b>3,206.58</b> | <b>3,890.21</b> |
| <b>Profit Before Interest, Depreciation and Tax</b>     |          | <b>30.42</b>    | <b>68.95</b>    | <b>47.99</b>    | <b>65.46</b>    |
| Depreciation and Amortisation Expenses                  |          | 0.53            | 1.78            | 1.70            | 1.49            |
| <b>Profit Before Interest and Tax</b>                   |          | <b>29.89</b>    | <b>67.17</b>    | <b>46.29</b>    | <b>63.97</b>    |
| Financial Charges                                       | II.6     | 16.23           | 40.92           | 39.94           | 43.98           |
| <b>Profit before Taxation</b>                           |          | <b>13.66</b>    | <b>26.25</b>    | <b>6.35</b>     | <b>19.99</b>    |
| Provision for Taxation                                  |          | 3.55            | 8.46            | 1.83            | 5.58            |
| Provision for Deferred Tax                              |          | -0.04           | 0.06            | 0.00            | 0.00            |
| <b>Total Taxes</b>                                      |          | <b>3.51</b>     | <b>8.52</b>     | <b>1.83</b>     | <b>5.58</b>     |
| <b>Profit After Tax but Before Extra ordinary Items</b> |          | <b>10.15</b>    | <b>17.73</b>    | <b>4.52</b>     | <b>14.41</b>    |
| Extraordinary Items                                     |          | 0.00            | 0.00            | 0.00            | 0.00            |
| Prior Period Items - Tax                                |          | 0.00            | 0.00            | 0.00            | 0.00            |
| <b>Net Profit after adjustments</b>                     |          | <b>10.15</b>    | <b>17.73</b>    | <b>4.52</b>     | <b>14.41</b>    |
| <b>Net Profit Transferred to Balance Sheet</b>          |          | <b>10.15</b>    | <b>17.73</b>    | <b>4.52</b>     | <b>14.41</b>    |

## Annexure III

## STATEMENT OF CASH FLOWS AS RESTATED

(₹ in Lakhs)

| PARTICULARS   | 31.08.23        | 31.03.23       | 31.03.22       | 31.03.21       |
|---|-----------------|----------------|----------------|----------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                 |                |                |                |
| Profit Before Tax   | 13.66           | 26.25          | 6.35           | 19.99          |
| Adjusted for :  |                 |                |                |                |
| a. Depreciation   | 0.53            | 1.78           | 1.70           | 1.49           |
| b. Interest Expenses & Finance Cost                             | 16.23           | 40.92          | 39.94          | 43.98          |
| c. Interest & Other Income                                      | (11.34)         | (25.66)        | (28.70)        | (26.03)        |
| d. Other Adjustment   | 0.00            | 0.00           | 0.00           | (0.20)         |
| <b>Operating profit before working capital changes</b>          | <b>19.08</b>    | <b>43.29</b>   | <b>19.29</b>   | <b>39.23</b>   |
| Adjusted for :  |                 |                |                |                |
| a. Decrease /(Increase) in Inventories                          | (28.75)         | 3.54           | (31.96)        | (0.46)         |
| b. Decrease / ( Increase ) in trade receivable                  | (143.17)        | (24.35)        | 95.87          | (48.53)        |
| b. Decrease / ( Increase ) in Current Investments               | 0.00            | 0.00           | 0.00           | 0.00           |
| c. ( Increase ) / Decrease in short term loans and advances     | (24.60)         | 49.98          | (64.00)        | 0.00           |
| d. Increase / ( Decrease ) in Trade Payables                    | (32.22)         | 23.26          | (5.13)         | 17.77          |
| e. Increase / (Decrease) in short term provisions               | 4.12            | 15.31          | (3.59)         | 3.94           |
| f. Increase / ( Decrease ) in other current liabilities         | (6.07)          | 4.21           | (10.31)        | 3.00           |
| g. ( Increase ) / Decrease in Other Current Assets              | (16.08)         | 4.06           | 28.94          | 4.54           |
| <b>Cash generated from operations</b>                           | <b>(227.69)</b> | <b>119.30</b>  | <b>29.11</b>   | <b>19.49</b>   |
| Income Tax Paid ( net of refunds )                              | 3.55            | 8.46           | 1.83           | 5.58           |
| <b>NET CASH GENERATED FROM OPERATION</b>                        | <b>(231.24)</b> | <b>110.84</b>  | <b>27.28</b>   | <b>13.91</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                   |                 |                |                |                |
| a. (Purchase) / Sale of Fixed Assets                            | (0.40)          | (0.67)         | (1.09)         | (0.55)         |
| b.( Purchase) / Sale of non-current investment                  | (1.05)          | (2.07)         | (43.40)        | 0.00           |
| c. ( Increase ) / Decrease in Long term loans and advances      | 0.00            | (0.35)         | (16.58)        | 0.00           |
| d. Increase / ( Decrease ) in Long Term Provisions              | 0.00            | 0.00           | 0.00           | 0.00           |
| e. ( Increase ) / Decrease in Other Non Current Assets          | 0.00            | 0.00           | 0.00           | 0.00           |
| f. (Increase) in Misc. Expenses                                 | 0.00            | 0.00           | 0.00           | 0.00           |
| g. Interest & Other Income                                      | 11.34           | 25.66          | 28.70          | 26.03          |
| h. Dividend Income  | 0.00            | 0.00           | 0.00           | 0.00           |
| <b>Net cash (used) in investing activities</b>                  | <b>9.89</b>     | <b>22.57</b>   | <b>(32.37)</b> | <b>25.48</b>   |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                   |                 |                |                |                |
| a. Interest & Finance Cost                                      | (16.23)         | (40.92)        | (39.94)        | (43.98)        |
| b. Proceeds from share issued                                   | 395.96          | 0.00           | 0.00           | 0.00           |
| c. ( Repayments ) / proceeds of long term borrowings            | (18.61)         | (36.05)        | (58.20)        | 26.97          |
| d. ( Repayments ) / proceeds of short term borrowings           | (183.17)        | 16.90          | 118.83         | (28.76)        |
| <b>Net cash generated/(used) in financing activities</b>        | <b>177.95</b>   | <b>(60.07)</b> | <b>20.69</b>   | <b>(45.77)</b> |
| <b>Net Increase / ( Decrease ) in cash and cash equivalents</b> | <b>(43.40)</b>  | <b>73.34</b>   | <b>15.60</b>   | <b>(6.38)</b>  |
| <b>Cash and cash equivalents at the beginning of the year</b>   | <b>137.57</b>   | <b>64.23</b>   | <b>48.63</b>   | <b>55.01</b>   |
| <b>Cash and cash equivalents at the end of the year</b>         | <b>94.17</b>    | <b>137.57</b>  | <b>64.23</b>   | <b>48.63</b>   |

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

**SIGNIFICANT ACCOUNTING POLICY AND NOTES TO THE RESTATED SUMMARY STATEMENTS****SIGNIFICANT ACCOUNTING POLICIES****Note No.1: Corporate Information**

The Company was incorporated as Shanthala Traders Private Limited on February 20, 2014 under the Companies Act, 1956 with the Registrar of Companies, Bangalore bearing Registration number 073756. The name of the Company was changed to Shanthala FMCG Products Private Limited vide certificate of incorporation, consequent to change of name was issued on April 24, 2023 by the Registrar of Companies, Bangalore. The status of the Company was changed to public limited and the name of the Company was changed to Shanthala FMCG Products Limited vide Special Resolution dated June 12, 2023 pursuant to conversion of the Company into public limited Company. The fresh certificate of incorporation consequent to conversion was issued on July 10, 2023 by the Registrar of Companies, Bangalore. The Company distribute Branded packaged foods, Personal care products, Education & Stationery products, Matches & Agarbatti, tobacco products, branded Beauty & wellbeing, Nutrition, Personal care & Home care products as well as food products like Oil, Sugar and Atta in Coorg, Karnataka.

**Note No.2: SIGNIFICANT ACCOUNTING POLICY****1. Basis of Preparation:**

The financial statements have been prepared under historical cost conversion or accrual basis of accounting and in accordance with generally accepted accounting principles and the mandatory accounting standards issued by ICAI. The accounting policies, in all material respects, have been consistently applied, and or consistent with this in the previous year. The estimates and Assumptions used in the preparation of financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date. Differences between the actual and estimates are recognized in the period in which the results are materialized

Use of estimates: The preparation of financial statements requires the management to make judgments, estimates and assumptions that effect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of correct events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

Changes in Accepting Policy: There is no change in accounting policy during the period

**2. Method of Accounting**

The Books of Accounts are maintained using accrual basis of accounting. The preparation of the financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful debts, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets and intangible assets. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ from these estimates.

**3. Plant, Property and Equipment (PPE)**

I.PPE is recognised when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

II.All PPEs are stated at original cost including non-refundable purchase taxes and any directly attributable costs of bringing the assets to its working condition for its intended use, net of tax/ duty credits availed, if any, after deducting resale/ trade discount less accumulated depreciation and accumulated impairment losses if any. Gains and losses arising from disposal of assets are recognised in statement of profit and loss in the year of disposed. The assets is derecognised on disposal or no economic benefit flow to the companies.

III. Subsequent costs are included in the assets carrying amount or recognised as a separate assets as appropriate, only when it is probable that future economic benefits associated with them will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss during the period in which they are incurred.

**4. Depreciation:**

Depreciation on PPE for the year have been provided on written down value method pro-rata for the period of use, as per the useful lives prescribed under schedule-II to the companies Act, 2013.

**5. Investments:**

Long-term investments are valued at cost. Provision for diminution, if any, in the value of investments is made to recognize a decline, other than temporary. Current investments are stated at the lower of cost and fair value, computed individually for each investment. In case of investments in mutual funds which are unquoted, net assets value is taken as fair value.

**6. Borrowing Costs:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets

**7. Preliminary Expenditures:**

Preliminary expenditure has been w/off for five years

**8. Inventories:**

Valuation of Inventories: Inventories are valued at cost price excluding GST. Company is having the policy that the GST on purchase and sales are considered as non-revenue item. GST collected is set off against GST paid on purchase and the difference is paid.

**9. Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Interest income is recognized on the time proportion basis taking into account the amount outstanding and applicable interest rate. However the management has relied on certificates and confirmations issued by the depositor. All revenue from services recognized which is relating to the period. The revenue is recognized net of taxes carrying on such services.

**10. Purchases:**

Purchases are exclusive of GST Tax charged by the suppliers. It also includes cost of Insurance, and freight.

**11. Sundry Debtors:**

The sundry debtors are stated after writing off debts considered as bad. Bad debts are written off during the period in which they are identified

**12. Taxes on income:**

Provision for current tax is made, based on the tax payable under the Income Tax Act, 1961. Minimum Alternative Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income tax Act, 1961) over normal income-tax is recognized as an asset by crediting the Profit and Loss Account only when and to the extent there is convincing evidence that the Company will be able to avail the said credit against normal tax payable during the period of ten succeeding assessment year.

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets on unabsorbed tax losses and unabsorbed tax depreciation are recognized only when there is a virtual certainty of their realization. Other deferred tax assets are recognized only when there is a reasonable certainty of their realization.

### **13. Impairment:**

The Company makes reasonable estimate of the carrying value of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. In assessing the recoverable amount, the estimated future cash flows are discounted to their present value at appropriate discount rates.

### **14. Earning Per Shares:**

In accordance with Accounting Standard-20 “Earning per Share” issued by the Institute of Chartered Accountants of India, Basic earning per shares is computed by using weighted average number of shares outstanding during the year.

### **15. Borrowing Cost**

Borrowing Cost directly attributable to the construction of the qualifying assets are capitalised as part of the cost. Interest paid accounted net of reimbursed.

### **16. Provision for Contingent Liabilities and Assets:**

Provision for Contingent Liabilities and Assets Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

### **17. Details of dues to micro, small and medium enterprises as per MSMED act 2006:**

Steps have been taken to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006. Since no intimation has been received from the suppliers regarding their status under the said Act as at 31st March 2023, disclosures relating to amounts unpaid as at the year end, if any, have not been furnished. In the opinion of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act, is not expected to be material

**18.** Previous year figures are re-grouped and re-classified wherever necessary Figures in the bracket indicates figures for the Previous Year.

**19.** In the absence of confirmations, the entries recorded in the books of accounts have been relied upon, and therefore, such balances are as per the books of accounts of the company.

**20.** In the opinion of the board, unless otherwise stated in the Balance Sheet and schedules attached thereto, the current assets and loans and advances as stated in the balance sheet are approximately of the value realisable in the ordinary course of business and provisions for all known liabilities for the period have been made in the books of accounts of the company.

**21.** The Company is small and medium sized company (SMC) as defined in the General Instruction in respect of Accounting Standards notified under the Act, Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company

**22.** According Policies not specifically referred to are consistent with generally accepted Accounting Practices

### **RATIO ANALYSIS**

| Sl. No. | Ratio Name    | F.Y 2022-23 | F.Y 2021-22 | F.Y 2020-21 |
|---------|---------------|-------------|-------------|-------------|
| 1       | CURRENT RATIO | 1.04        | 1.12        | 1.79        |



|    | (Current assets/ Current Liability)   |        |        |        |
|----|---|--------|--------|--------|
| 2  | DEBT EQUITY RATIO<br>(Debt /Equity)   | 3.12   | 3.26   | 3.35   |
| 3  | DEBT SERVICE COVERAGE RATIO<br>(Earnings before interest, tax, depreciation and amortization/ Interest + Principal) | 0.0012 | 0.009  | 7.47   |
| 4  | RETURN ON EQUITY<br>(Net Income/Shareholder's Equity)   | 0.1238 | 0.0001 | 100.60 |
| 5  | INVENTORY TURNOVER RATIO<br>(Cost of goods sold/Average Inventory)  | 36.02  | 2.00   | 23.04  |
| 6  | TRADE RECEIVABLES TURNOVER RATIO (Net annual credit sales/average accounts receivable)                              | 23.83  | 18.19  | 9.42   |
| 7  | TRADE PAYABLES TURNOVER RATIO<br>(Net annual credit purchases/ average accounts payable)                            | 149.35 | 0.32   | 348.21 |
| 8  | NET CAPITAL TURNOVER RATIO<br>(Net annual Sales/ Working Capital)   | 585.16 | 193.09 | 26.83  |
| 9  | NET PROFIT RATIO<br>(Net Profit/Total Sales)  | 0.004  | 0.001  | 0.004  |
| 10 | RETURN ON CAPITAL EMPLOYED<br>(Earnings before interest and tax/Capital Employed)                                   | 0.19   | 0.13   | 0.16   |

#### NOTES ON ACCOUNTS AND RESTATEMENTS MADE IN THE RESTATED FINANCIALS

1. Balances of debtors, creditors and advances are subject to confirmation / reconciliations, if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments. In the opinion of the management, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the balance sheet. The provision for depreciation and for all known liabilities is adequate and no in excess of the amount reasonably stated.

2. In the opinion of Board of Directors, the Current Assets Loans and Advances are approximately of the same value if realized in the ordinary course of business and the provisions of all known liabilities are adequate.

3. Consumption of consumables and raw material has been arrived by adding purchases to opening stock and deducting closing stock there from.

4. There are no contingent Liabilities reported and as such no provision has been made in these accounts for such liability.

5. Other figures of the previous years have been regrouped / reclassified and / or rearranged wherever necessary.

6. Material Regroupings:

Appropriate adjustments have been made in the restated summary statements of Assets and Liabilities Profits and Losses and Cash flows wherever required by reclassification of the corresponding items of income expenses assets and liabilities in order to bring them in line with the requirements of the SEBI Regulations.

7. Material Adjustments

There are no material adjustments or errors which required adjustment for the purpose of restatement.

8. Adjustments not having impact on profit

Appropriate adjustments have been made in the restated summary statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the

groupings as per the audited financial statements of the Company, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018.

9. Amounts in the financial statements

Amounts in the restated financial statements are reported in rupees in lakhs and rounded off to second digit of decimal. Figures in brackets indicate negative values.

10. Auditors Qualifications –

Details of Auditors qualifications and their impact on restated financial statement is given below:

- a) Qualification which required adjustment in restated financial statements: **None**
- b) Qualification which does not require adjustment in restated financial statements: **None**

**CHANGES IN ACCOUNTING POLICIES IN THE PERIOD/YEARS COVERED IN THE RESTATED FINANCIALS**

There have been no changes in accounting policies of the Company in the period covered under this restatement.

## Annexure – I.1

## STATEMENT OF SHARE CAPITAL AS RESTATED

(₹ in lakhs)

| Particulars  | 31.08.23 | 31.03.23 | 31.03.22 | 31.03.21 |
|--|----------|----------|----------|----------|
| <b>Authorised</b>  |          |          |          |          |
| Equity shares of ₹ 10/- each (Rs.100/- each during FY 2022 & 2021) | 1100.00  | 1100.00  | 50.00    | 50.00    |
| <b>Issued, Subscribed &amp; Fully Paid-up</b>                      |          |          |          |          |
| Equity shares of ₹ 10/- each (Rs.100/- each during FY 2022 & 2021) | 493.17   | 50.00    | 50.00    | 50.00    |

Note: The Company has only one class of equity shares of par value ₹ 10 each. Each equity shareholder is entitled to one vote per share held, and on liquidation entitled to receive balance of net assets remaining after settlement of all debts, creditors & preferential amounts, proportionate to their respective shareholding. No dividend is proposed.

## Reconciliation of No. of Shares Outstanding at the end of the year:

| Particulars   | 31.08.23  | 31.03.23 | 31.03.22 | 31.03.21 |
|---|-----------|----------|----------|----------|
| Shares outstanding at the beginning of the year               | 5,00,000  | 50,000   | 50,000   | 50,000   |
| Shares issued during the year pursuant to split of Face Value | 4431664   | 450000   | 0        | 0        |
| Bonus Issued during the year                                  | 0         | 0        | 0        | 0        |
| Share outstanding at the end of the year                      | 49,31,664 | 5,00,000 | 50,000   | 50,000   |

Face Value of equity shares split during FY 2023 from Rs. 100 each to Rs. 10 each

## Details of Shareholding more than 5% of the aggregate shares in the company:

| Particulars                | 31.08.23  | 31.03.23 | 31.03.22 | 31.03.21 |
|----------------------------|-----------|----------|----------|----------|
| <b>B. Manjunath Mallya</b> |           |          |          |          |
| No. of Shares              | 17,62,200 | 4,90,000 | 49,000   | 49,000   |
| % Holding                  | 35.73     | 98.00    | 98.00    | 98.00    |
| <b>Shobitha Malya</b>      |           |          |          |          |
| No. of Shares              | 80,000    | 10,000   | 1,000    | 1,000    |
| % Holding                  | 1.62      | 2.00     | 2.00     | 2.00     |
| <b>Sneha Vinayak Kudva</b> |           |          |          |          |
| No. of Shares              | 13,71,400 | -        | -        | -        |
| % Holding                  | 27.81     | -        | -        | -        |
| <b>Yogish Mallya</b>       |           |          |          |          |
| No. of Shares              | 7,83,200  | -        | -        | -        |
| % Holding                  | 15.88     | -        | -        | -        |

Face Value of equity shares split during FY 2023 from Rs. 100 each to Rs. 10 each

## Annexure – I.2

## STATEMENT OF RESERVES AND SURPLUS AS RESTATED

(₹ in lakhs)

| Particulars                               | 31.08.23     | 31.03.23     | 31.03.22     | 31.03.21     |
|---|--------------|--------------|--------------|--------------|
| <b>Statement of Profit &amp; Loss</b>     |              |              |              |              |
| Opening balance                           | 93.22        | 75.49        | 70.97        | 56.56        |
| Add: Profit for the year                  | 10.15        | 17.73        | 4.52         | 14.41        |
| Less: Utilised for Bonus Issue            | -47.22       | 0.00         | 0.00         | 0.00         |
| <b>Profit available for appropriation</b> | <b>56.15</b> | <b>93.22</b> | <b>75.49</b> | <b>70.97</b> |
| <b>Balance as at the end of the year</b>  | <b>56.15</b> | <b>93.22</b> | <b>75.49</b> | <b>70.97</b> |
| <b>General Reserves</b>                   | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  |

|  |              |              |              |              |
|--|--------------|--------------|--------------|--------------|
| <b>Securities Premium Account</b>        |              |              |              |              |
| Opening balance                          | 0.00         | 0.00         | 0.00         | 0.00         |
| Add: Additions during the year           | 384.31       | 0.00         | 0.00         | 0.00         |
| Less: Utilised for Bonus Issue           | 384.31       | 0.00         | 0.00         | 0.00         |
| <b>Balance as at the end of the year</b> | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  |
| <b>Total Reserve &amp; Surplus</b>       | <b>56.15</b> | <b>93.22</b> | <b>75.49</b> | <b>70.97</b> |

**Annexure – I.3****STATEMENT OF LONG-TERM BORROWINGS AS RESTATED**

(₹ in Lakhs)

| <b>Particulars</b>   | <b>31.08.23</b> | <b>31.03.23</b> | <b>31.03.22</b> | <b>31.03.21</b> |
|--|-----------------|-----------------|-----------------|-----------------|
| <b><u>Secured Loans</u></b>                                  |                 |                 |                 |                 |
| <b><u>Loan from Banking &amp; Financial Institutions</u></b> |                 |                 |                 |                 |
| Bharat Co-operative Bank                                     | 107.74          | 114.31          | 130.89          | 147.33          |
| ICICI Bank   | 9.42            | 14.86           | 25.43           | 33.90           |
| Bajaj Finserv  | -               | -               | -               | 7.44            |
| <b><u>Sub Total - A</u></b>                                  | <b>117.16</b>   | <b>129.17</b>   | <b>156.32</b>   | <b>188.67</b>   |
| <b><u>Loan From Related Parties</u></b>                      |                 |                 |                 |                 |
| B. Manjunath Mallya  | 12.87           | 19.47           | 28.37           | 54.22           |
| Shwetha Kudva  | 20.00           | 20.00           | 20.00           | 20.00           |
| <b><u>Sub Total - B</u></b>                                  | <b>32.87</b>    | <b>39.47</b>    | <b>48.37</b>    | <b>74.22</b>    |
| <b>Total (A + B)</b>   | <b>150.03</b>   | <b>168.64</b>   | <b>204.69</b>   | <b>262.89</b>   |

**Annexure – I.4****STATEMENT OF DEFERRED TAX LIABILITIES AS RESTATED**

(₹ in lakhs)

| <b>Particulars</b>                                     | <b>31.08.23</b> | <b>31.03.23</b> | <b>31.03.22</b> | <b>31.03.21</b> |
|--|-----------------|-----------------|-----------------|-----------------|
| Opening Deferred Tax Liability / (Asset)               | 0.06            | 0.00            | 0.00            | 0.00            |
| <b><u>Deferred Tax Asset</u></b>                       |                 |                 |                 |                 |
| On the Block of Fixed Assets                           | 0.04            | 0.00            | 0.00            | 0.00            |
| On Other Items   | 0.00            | 0.00            | 0.00            | 0.00            |
| <b><u>Sub Total</u></b>                                | <b>0.04</b>     | <b>0.00</b>     | <b>0.00</b>     | <b>0.00</b>     |
| <b><u>Deferred Tax Liability</u></b>                   |                 |                 |                 |                 |
| On the Block of Fixed Assets                           | 0.00            | 0.06            | 0.00            | 0.00            |
| On Other Items   | 0.00            | 0.00            | 0.00            | 0.00            |
| <b><u>Sub Total</u></b>                                | <b>0.00</b>     | <b>0.06</b>     | <b>0.00</b>     | <b>0.00</b>     |
| Net Deferred Tax Liability / (Asset)                   | -0.04           | 0.06            | 0.00            | 0.00            |
| <b><u>Closing Deferred Tax Liability / (Asset)</u></b> | <b>0.02</b>     | <b>0.06</b>     | <b>0.00</b>     | <b>0.00</b>     |

**Annexure – I.5****STATEMENT OF SHORT TERM BORROWINGS AS RESTATED**

(₹ in lakhs)

| <b>Particulars</b>  | <b>31.08.23</b> | <b>31.03.23</b> | <b>31.03.22</b> | <b>31.03.21</b> |
|---|-----------------|-----------------|-----------------|-----------------|
| <b><u>Loans from Banks &amp; Financial Institutions</u></b> |                 |                 |                 |                 |
|   |                 |                 |                 |                 |

|   |              |               |               |               |
|---|--------------|---------------|---------------|---------------|
| ICICI Bank                              | 14.44        | 170.00        | 154.11        | 142.67        |
| State Bank of India - Channel Financing | 80.79        | 108.40        | 107.39        | -             |
|   |              |               |               |               |
| <b>From Others</b>                      |              |               |               |               |
|   |              |               |               |               |
| Nil                                     | -            | -             | -             | -             |
|   |              |               |               |               |
| <b>Total</b>                            | <b>95.23</b> | <b>278.40</b> | <b>261.50</b> | <b>142.67</b> |

**Annexure – I.6****STATEMENT OF TRADE PAYABLES AS RESTATED**

(₹ in lakhs)

| Particulars      | 31.08.23    | 31.03.23     | 31.03.22     | 31.03.21     |
|------------------|-------------|--------------|--------------|--------------|
|                  |             |              |              |              |
| Sundry Creditors | 5.74        | 37.96        | 14.70        | 19.83        |
|                  |             |              |              |              |
| <b>Total</b>     | <b>5.74</b> | <b>37.96</b> | <b>14.70</b> | <b>19.83</b> |

**Annexure – I.7****STATEMENT OF OTHER CURRENT LIABILITIES AS RESTATED**

(₹ in lakhs)

| Particulars                   | 31.08.23    | 31.03.23     | 31.03.22    | 31.03.21     |
|-------------------------------|-------------|--------------|-------------|--------------|
|                               |             |              |             |              |
| Statutory Liabilities         | 0.00        | 3.26         | 1.16        | 4.63         |
| Sundry Creditors for Expenses | 4.02        | 6.83         | 5.97        | 12.81        |
| Rent Deposit                  | 1.25        | 1.25         | 0.00        | 0.00         |
|                               |             |              |             |              |
| <b>Total</b>                  | <b>5.27</b> | <b>11.34</b> | <b>7.13</b> | <b>17.44</b> |

**Annexure – I.8****STATEMENT OF SHORT-TERM PROVISIONS AS RESTATED**

(₹ in lakhs)

| Particulars              | 31.08.23     | 31.03.23     | 31.03.22    | 31.03.21    |
|--------------------------|--------------|--------------|-------------|-------------|
|                          |              |              |             |             |
| Provision for Income Tax | 12.01        | 8.46         | 1.84        | 5.57        |
| Other Provisions         | 9.70         | 9.13         | 0.44        | 0.30        |
|                          |              |              |             |             |
| <b>Total</b>             | <b>21.71</b> | <b>17.59</b> | <b>2.28</b> | <b>5.87</b> |

**Annexure – I.9****STATEMENT OF FIXED ASSETS AS RESTATED**

| For 31.08.2023            |                    |                  |                   |                   |                   | (₹ in lakhs)      |
|---------------------------|--------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|                           | <b>GROSS BLOCK</b> |                  |                   |                   | <b>NET BLOCK</b>  |                   |
| <b>Particulars</b>        | <b>As at</b>       | <b>Additions</b> | <b>Deductions</b> | <b>Total</b>      | <b>As at</b>      | <b>As at</b>      |
|                           | <b>1.4.2023</b>    |                  |                   | <b>31.08.2023</b> | <b>31.08.2023</b> | <b>31.03.2023</b> |
| <b>A) Tangible Assets</b> |                    |                  |                   |                   |                   |                   |
| Apartments                | 227.91             | 0.00             | 0.00              | 227.91            | 227.91            | 227.91            |
| Computers                 | 0.87               | 0.00             | 0.00              | 0.87              | 0.32              | 0.33              |

|                             |               |             |             |               |               |               |
|-----------------------------|---------------|-------------|-------------|---------------|---------------|---------------|
| Furniture                   | 4.55          | 0.00        | 0.00        | 4.55          | 2.34          | 2.51          |
| Office Equipments           | 4.57          | 0.40        | 0.00        | 4.97          | 3.42          | 3.29          |
| Vehicles                    | 5.91          | 0.00        | 0.00        | 5.91          | 1.55          | 1.63          |
|                             |               |             |             |               |               |               |
| <b>Total - A</b>            | <b>243.81</b> | <b>0.40</b> | <b>0.00</b> | <b>244.21</b> | <b>235.54</b> | <b>235.67</b> |
| <b>B) Intangible Assets</b> |               |             |             |               |               |               |
|                             |               |             |             |               |               |               |
| <b>Total - B</b>            | <b>0.00</b>   | <b>0.00</b> | <b>0.00</b> | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>   |
|                             |               |             |             |               |               |               |
| <b>GRAND TOTAL - A+B</b>    | <b>243.81</b> | <b>0.40</b> | <b>0.00</b> | <b>244.21</b> | <b>235.54</b> | <b>235.67</b> |

**FY 2022- 23**

(₹ in lakhs)

|                             | <b>GROSS BLOCK</b> |                  |                   |                   | <b>NET BLOCK</b>  |                   |
|-----------------------------|--------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Particulars</b>          | <b>As at</b>       | <b>Additions</b> | <b>Deductions</b> | <b>Total</b>      | <b>As at</b>      | <b>As at</b>      |
|                             | <b>1.4.2022</b>    |                  |                   | <b>31.03.2023</b> | <b>31.03.2023</b> | <b>31.03.2022</b> |
| <b>A) Tangible Assets</b>   |                    |                  |                   |                   |                   |                   |
| Apartments                  | 227.91             | 0.00             | 0.00              | 227.91            | 227.91            | 227.91            |
| Computers                   | 0.87               | 0.00             | 0.00              | 0.87              | 0.33              | 0.55              |
| Furniture                   | 4.55               | 0.00             | 0.00              | 4.55              | 2.51              | 2.94              |
| Office Equipments           | 3.91               | 0.66             | 0.00              | 4.57              | 3.29              | 3.06              |
| Vehicles                    | 5.91               | 0.00             | 0.00              | 5.91              | 1.63              | 2.33              |
|                             |                    |                  |                   |                   |                   |                   |
| <b>Total - A</b>            | <b>243.15</b>      | <b>0.66</b>      | <b>0.00</b>       | <b>243.81</b>     | <b>235.67</b>     | <b>236.79</b>     |
| <b>B) Intangible Assets</b> |                    |                  |                   |                   |                   |                   |
|                             |                    |                  |                   |                   |                   |                   |
| <b>Total - B</b>            | <b>0.00</b>        | <b>0.00</b>      | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>       |
|                             |                    |                  |                   |                   |                   |                   |
| <b>GRAND TOTAL - A+B</b>    | <b>243.15</b>      | <b>0.66</b>      | <b>0.00</b>       | <b>243.81</b>     | <b>235.67</b>     | <b>236.79</b>     |

**For FY 2021 - 22**

(₹ in lakhs)

|                             | <b>GROSS BLOCK</b> |                  |                   |                   | <b>NET BLOCK</b>  |                   |
|-----------------------------|--------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Particulars</b>          | <b>As at</b>       | <b>Additions</b> | <b>Deductions</b> | <b>Total</b>      | <b>As at</b>      | <b>As at</b>      |
|                             | <b>1.4.2021</b>    |                  |                   | <b>31.03.2022</b> | <b>31.03.2022</b> | <b>31.03.2021</b> |
| <b>A) Tangible Assets</b>   |                    |                  |                   |                   |                   |                   |
| Apartments                  | 227.91             | 0.00             | 0.00              | 227.91            | 227.91            | 227.91            |
| Computers                   | 0.37               | 0.50             | 0.00              | 0.87              | 0.55              | 0.24              |
| Furniture                   | 3.97               | 0.58             | 0.00              | 4.55              | 2.94              | 2.79              |
| Office Equipments           | 4.03               | 0.00             | 0.00              | 4.03              | 3.06              | 3.43              |
| Vehicles                    | 5.91               | 0.00             | 0.00              | 5.91              | 2.33              | 3.03              |
|                             |                    |                  |                   |                   |                   |                   |
| <b>Total - A</b>            | <b>242.19</b>      | <b>1.08</b>      | <b>0.00</b>       | <b>243.27</b>     | <b>236.79</b>     | <b>237.40</b>     |
| <b>B) Intangible Assets</b> |                    |                  |                   |                   |                   |                   |
|                             |                    |                  |                   |                   |                   |                   |
| <b>Total - B</b>            | <b>0.00</b>        | <b>0.00</b>      | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>       | <b>0.00</b>       |
|                             |                    |                  |                   |                   |                   |                   |
| <b>GRAND TOTAL - A+B</b>    | <b>242.19</b>      | <b>1.08</b>      | <b>0.00</b>       | <b>243.27</b>     | <b>236.79</b>     | <b>237.40</b>     |

**For FY 2020-21**

(₹ in lakhs)

| Particulars                 | GROSS BLOCK   |             |             |               | NET BLOCK     |               |
|-----------------------------|---------------|-------------|-------------|---------------|---------------|---------------|
|                             | As at         | Additions   | Deductions  | Total         | As at         | As at         |
|                             | 1.4.2020      |             |             | 31.03.2021    | 31.03.2021    | 31.03.2020    |
| <b>A) Tangible Assets</b>   |               |             |             |               |               |               |
| Apartments                  | 227.91        | 0.00        | 0.00        | 227.91        | 227.91        | 227.91        |
| Computers                   | 0.37          | 0.00        | 0.00        | 0.37          | 0.24          | 0.30          |
| Furniture                   | 3.68          | 0.29        | 0.00        | 3.97          | 2.79          | 2.75          |
| Office Equipments           | 3.77          | 0.26        | 0.00        | 4.03          | 3.43          | 3.48          |
| Vehicles                    | 5.91          | 0.00        | 0.00        | 5.91          | 3.03          | 3.70          |
| <b>Total - A</b>            | <b>241.64</b> | <b>0.55</b> | <b>0.00</b> | <b>242.19</b> | <b>237.40</b> | <b>238.14</b> |
| <b>B) Intangible Assets</b> |               |             |             |               |               |               |
| <b>Total - B</b>            | <b>0.00</b>   | <b>0.00</b> | <b>0.00</b> | <b>0.00</b>   | <b>0.00</b>   | <b>0.00</b>   |
| <b>GRAND TOTAL - A+B</b>    | <b>241.64</b> | <b>0.55</b> | <b>0.00</b> | <b>242.19</b> | <b>237.40</b> | <b>238.14</b> |

Annexure – I.10

**STATEMENT OF NON-CURRENT INVESTMENTS AS RESTATED**

(₹ in lakhs)

| Particulars                         | 31.08.23     | 31.03.23     | 31.03.22     | 31.03.21    |
|-------------------------------------|--------------|--------------|--------------|-------------|
| Balance with Bank in Fixed Deposits | 46.53        | 45.48        | 43.40        | -           |
| <b>Total</b>                        | <b>46.53</b> | <b>45.48</b> | <b>43.40</b> | <b>0.00</b> |

Annexure – I.11

**STATEMENT OF LONG TERM LOANS AND ADVANCES AS RESTATED**

(₹ in lakhs)

| Particulars       | 31.08.23     | 31.03.23     | 31.03.22     | 31.03.21    |
|-------------------|--------------|--------------|--------------|-------------|
| Security Deposits | 16.93        | 16.93        | 16.58        | 0.00        |
| <b>Total</b>      | <b>16.93</b> | <b>16.93</b> | <b>16.58</b> | <b>0.00</b> |

Annexure – I.12

**STATEMENT OF INVENTORIES AS RESTATED**

(₹ in lakhs)

| Particulars | 31.08.23 | 31.03.23 | 31.03.22 | 31.03.21 |
|-------------|----------|----------|----------|----------|
|             |          |          |          |          |

|                |               |               |               |              |
|----------------|---------------|---------------|---------------|--------------|
| Finished Goods | 136.25        | 107.50        | 111.04        | 79.08        |
|                |               |               |               |              |
| <b>Total</b>   | <b>136.25</b> | <b>107.50</b> | <b>111.04</b> | <b>79.08</b> |

**Annexure – I.13****STATEMENT OF TRADE RECEIVABLES AS RESTATED**

(₹ in lakhs)

| Particulars                                | 31.08.23      | 31.03.23     | 31.03.22     | 31.03.21      |
|--|---------------|--------------|--------------|---------------|
|  |               |              |              |               |
| Debts outstanding for more than six months | 0.00          | 0.00         | 0.00         | 0.00          |
| Other Debts                                | 243.01        | 99.85        | 75.50        | 171.37        |
|  |               |              |              |               |
| <b>Total</b>                               | <b>243.01</b> | <b>99.85</b> | <b>75.50</b> | <b>171.37</b> |

**Annexure – I.14****STATEMENT OF CASH AND CASH EQUIVALENTS AS RESTATED**

(₹ in lakhs)

| Particulars   | 31.08.23     | 31.03.23      | 31.03.22     | 31.03.21     |
|---|--------------|---------------|--------------|--------------|
|   |              |               |              |              |
| Balances with banks in current accounts / (Overdraft) | 1.04         | 31.74         | 3.49         | 2.78         |
| Cash on hand  | 93.13        | 105.83        | 60.74        | 45.85        |
|   |              |               |              |              |
| <b>Total</b>  | <b>94.17</b> | <b>137.57</b> | <b>64.23</b> | <b>48.63</b> |

**Annexure – I.15****STATEMENT OF SHORT TERM LOANS & ADVANCES AS RESTATED**

(₹ in lakhs)

| Particulars   | 31.08.23     | 31.03.23     | 31.03.22     | 31.03.21    |
|---|--------------|--------------|--------------|-------------|
|   |              |              |              |             |
| Advance receivable in cash or kind for value to be received | 0.00         | 0.00         | 0.00         | 0.00        |
| Other Current Assets  | 38.62        | 14.02        | 64.00        | 0.00        |
|   |              |              |              |             |
| <b>Total</b>  | <b>38.62</b> | <b>14.02</b> | <b>64.00</b> | <b>0.00</b> |

**Annexure – I.16****STATEMENT OF OTHER CURRENT ASSETS AS RESTATED**

(₹ in lakhs)

| Particulars          | 31.08.23     | 31.03.23    | 31.03.22    | 31.03.21     |
|----------------------|--------------|-------------|-------------|--------------|
|                      |              |             |             |              |
| Preliminary Expenses | 0.11         | 0.19        | 0.39        | 0.58         |
| Advance to Suppliers | 16.16        | 0.00        | 3.86        | 32.61        |
|                      |              |             |             |              |
| <b>Total</b>         | <b>16.27</b> | <b>0.19</b> | <b>4.25</b> | <b>33.19</b> |



**Annexure – II.1****STATEMENT OF REVENUE FROM OPERATIONS AS RESTATED**

(₹ in lakhs)

| Particulars      | For the FY/Period ended |                 |                 |                 |
|------------------|-------------------------|-----------------|-----------------|-----------------|
|                  | 31.08.23                | 31.03.23        | 31.03.22        | 31.03.21        |
|                  |                         |                 |                 |                 |
| Sale of Products | 1,574.24                | 4,051.59        | 3,225.87        | 3,929.64        |
| Others           | 0.00                    | 0.00            | 0.00            | 0.00            |
|                  |                         |                 |                 |                 |
| <b>Total</b>     | <b>1,574.24</b>         | <b>4,051.59</b> | <b>3,225.87</b> | <b>3,929.64</b> |

**Annexure – II.2****STATEMENT OF OTHER INCOME AS RESTATED**

(₹ in lakhs)

| Particulars                            | For the FY/Period ended |              |              |              |
|--|-------------------------|--------------|--------------|--------------|
|  | 31.08.23                | 31.03.23     | 31.03.22     | 31.03.21     |
|  |                         |              |              |              |
| FD Interest                            | 1.05                    | 2.31         | 1.00         | 0.00         |
| Marketing activity and Support service | 0.00                    | 9.64         | 8.85         | 18.18        |
| Room Rent                              | 5.44                    | 13.61        | 5.81         | 6.60         |
| Insurance claim                        | 0.00                    | 0.00         | 12.94        | 0.00         |
| Sunpure Incentive                      | 4.85                    | 0.00         | 0.00         | 0.00         |
| Miscellaneous                          | 0.00                    | 0.10         | 0.10         | 1.25         |
|  |                         |              |              |              |
| <b>Total</b>                           | <b>11.34</b>            | <b>25.66</b> | <b>28.70</b> | <b>26.03</b> |

**Annexure – II.3****STATEMENT OF COST OF GOOD SOLD AS RESTATED**

(₹ in lakhs)

| Particulars          | For the FY/Period ended |                 |                 |                 |
|----------------------|-------------------------|-----------------|-----------------|-----------------|
|                      | 31.08.23                | 31.03.23        | 31.03.22        | 31.03.21        |
|                      |                         |                 |                 |                 |
| Opening Stock        | 107.50                  | 111.05          | 79.08           | 78.62           |
| Add : Purchases      | 1,540.32                | 3,932.26        | 3,164.52        | 3,810.77        |
| Less : Closing Stock | -136.25                 | -107.50         | -111.05         | -79.08          |
|                      |                         |                 |                 |                 |
| <b>Total</b>         | <b>1,511.57</b>         | <b>3,935.81</b> | <b>3,132.55</b> | <b>3,810.31</b> |

**Annexure – II.4****STATEMENT OF EMPLOYEE BENEFIT EXPENSES AS RESTATED**

(₹ in lakhs)

| Particulars            | For the FY/Period ended |              |              |              |
|------------------------|-------------------------|--------------|--------------|--------------|
|                        | 31.08.23                | 31.03.23     | 31.03.22     | 31.03.21     |
|                        |                         |              |              |              |
| Salary & wages         | 13.60                   | 22.01        | 18.46        | 14.89        |
| Directors Remuneration | 11.25                   | 27.00        | 27.00        | 20.25        |
| Staff Welfare Expenses | 0.00                    | 0.00         | 0.00         | 1.26         |
|                        |                         |              |              |              |
| <b>Total</b>           | <b>24.85</b>            | <b>49.01</b> | <b>45.46</b> | <b>36.40</b> |

**Annexure – II.5****STATEMENT OF OTHER EXPENSES AS RESTATED**

(₹ in lakhs)

| Particulars                            | For the FY/Period ended |              |              |              |
|--|-------------------------|--------------|--------------|--------------|
|  | 31.08.23                | 31.03.23     | 31.03.22     | 31.03.21     |
| Audit Fees                             | 1.05                    | 2.00         | 0.30         | 0.30         |
| Tax Audit fees                         | -                       | 0.50         | -            | -            |
| Apartment Maintenance                  | 0.44                    | 1.55         | 0.61         | 3.81         |
| Computer & Software / Website Expenses | 0.83                    | 1.04         | 0.60         | 0.46         |
| Conveyance expenses                    | 0.55                    | 0.29         | -            | -            |
| Distribution Expenses                  | 4.38                    | 2.42         | 11.43        | 20.63        |
| Electricity Expenses                   | 0.93                    | 1.48         | 0.66         | 0.71         |
| FSSAI Licence Fee                      | -                       | 0.06         | -            | -            |
| GST                                    | -                       | 0.35         | -            | -            |
| Insurance                              | 1.11                    | 0.53         | -            | 1.32         |
| Interest & Late Fee                    | -                       | 0.13         | 0.25         | 0.44         |
| Miscellaneous expenses                 | 0.58                    | 0.27         | 0.46         | 0.07         |
| Municipality Tax                       | -                       | 0.07         | -            | -            |
| Oyo Commission                         | -                       | 2.01         | -            | -            |
| Printing & Stationery                  | 0.14                    | 0.34         | 0.54         | 0.21         |
| Professional Fees Paid                 | 0.50                    | 0.24         | 0.27         | 0.45         |
| Profession Tax Paid                    | 0.15                    | 0.05         | 0.05         | -            |
| Rent, rates & taxes                    | 1.36                    | 4.86         | 5.44         | 5.64         |
| Telephone Expenses                     | 0.31                    | 0.87         | 0.64         | 0.86         |
| Transportation Expenses                | 1.80                    | 1.37         | 4.00         | 6.42         |
| Vehicle Maintenance                    | 1.09                    | 2.86         | 3.13         | 2.18         |
| Commission                             | 1.32                    | -            | -            | -            |
| Sales Promotion                        | 1.93                    | -            | -            | -            |
| Travelling Expenses                    | 0.19                    | -            | -            | -            |
| Preliminary Expenses                   | 0.08                    | 0.19         | 0.19         | -            |
| <b>TOTAL</b>                           | <b>18.74</b>            | <b>23.48</b> | <b>28.57</b> | <b>43.50</b> |

**Annexure – II.6****STATEMENT OF FINANCIAL CHARGES AS RESTATED**

(₹ in lakhs)

| Particulars   | For the FY/Period ended |              |              |              |
|---|-------------------------|--------------|--------------|--------------|
|   | 31.08.23                | 31.03.23     | 31.03.22     | 31.03.21     |
| Interest on Loans                                     | 15.09                   | 39.16        | 38.71        | 38.44        |
| Others - Bank charges, Commission and Processing fees | 1.14                    | 1.76         | 1.23         | 5.54         |
| <b>Total</b>  | <b>16.23</b>            | <b>40.92</b> | <b>39.94</b> | <b>43.98</b> |

## Annexure – V

**STATEMENT OF RELATED PARTY TRANSACTIONS AS RESTATED**

The company has entered into related party transactions with below mentioned parties and transactions are identified as per accounting standard 18 issued by Institute of Chartered Accountants of India for the periods covered under audit:

As per Accounting Standard 18 on related party disclosure issue by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

**A. Key Managerial Personnel and their relatives (KMPs)**

|                     |
|---------------------|
| B. Manjunath Mallya |
| Shobitha Malya      |
| Yogish Mallya       |
| Shwetha Kudva       |

**B. Associate Companies**

|                       |
|-----------------------|
| Shanthala Enterprises |
|-----------------------|

**C. Entities owned and controlled by Directors and their relatives**

|                       |
|-----------------------|
| Shanthala Enterprises |
|-----------------------|

**Related Party Transactions**

(Rs. Lakhs)

| Name of the related party | Nature of Transaction          | 31.08.23 | 31.03.23 | 31.03.22 | 31.03.21 |
|---------------------------|--------------------------------|----------|----------|----------|----------|
| B. Manjunath Mallya       | Director Remuneration          | 7.50     | 18.00    | 18.00    | 18.00    |
| Shobitha Malya            | Director Remuneration          | 3.75     | 9.00     | 9.00     | 9.00     |
|                           |                                |          |          |          |          |
| B. Manjunath Mallya       | Unsecured Loan taken           | 0.00     | 78.80    | 29.65    | 55.00    |
|                           | Unsecured Loan repaid          | 6.60     | 87.70    | 55.50    | 60.60    |
|                           | Unsecured Loan o/s at year end | 12.87    | 19.47    | 28.37    | 54.22    |
| Shanthala Enterprises     | Unsecured Loan taken           | 0.00     | 112.50   | 40.90    | 0.00     |
|                           | Unsecured Loan repaid / given  | 0.00     | 68.85    | 84.55    | 0.00     |
|                           | Unsecured Loan o/s at year end | 0.00     | 0.00     | 43.65 Dr | 0.00     |
|                           | Sales of Goods                 | 0.00     | 0.00     | 0.00     | 10.78    |
| Shwetha Kudva             | Unsecured Loan taken           | Nil      | Nil      | Nil      | Nil      |
|                           | Unsecured Loan repaid          | Nil      | Nil      | Nil      | Nil      |
|                           | Interest Paid                  | 1.00     | 2.40     | 2.16     | 2.40     |
|                           | Unsecured Loan o/s at year end | 20.00    | 20.00    | 20.00    | 20.00    |
| Vinayak Kudva             | Unsecured Loan taken           | Nil      | 40.00    | 0.00     | 0.00     |
|                           | Unsecured Loan repaid          | Nil      | 40.00    | 0.00     | 0.00     |
|                           | Unsecured Loan o/s at year end | Nil      | Nil      | Nil      | 0.00     |
|                           |                                |          |          |          |          |
| B. Manjunath Mallya       | Rent paid                      | 1.00     | 2.40     | 2.40     | 2.40     |
|                           | Amount o/s at year end         | Nil      | Nil      | 1.14     | 0.00     |
|                           | Security Deposits given        | 16.57    | 16.57    | 16.57    | 16.57    |

## Annexure – VI

## STATEMENT OF ACCOUNTING RATIOS AS RESTATED

(₹ in lakhs)

| Particulars   | 31.08.23  | 31.03.23 | 31.03.22 | 31.03.21 |
|---|-----------|----------|----------|----------|
| EBITDA (₹ in Lacs)  | 30.42     | 68.95    | 47.99    | 65.46    |
| Net Profit as restated after Exceptional item (₹ in Lacs)   | 10.15     | 17.73    | 4.52     | 14.41    |
| Net Worth (₹ in Lacs)   | 549.32    | 143.22   | 125.49   | 120.97   |
| Return on Net worth (%)   | 1.85%     | 12.38%   | 3.60%    | 11.91%   |
| Equity Share at the end of year (in Nos.)   | 49,31,664 | 5,00,000 | 50,000   | 50,000   |
| (Face Value ₹ 10 / 100)   | 10.00     | 10.00    | 100.00   | 100.00   |
| Weighted Avg. No. of Equity Shares  | 9,55,867  | 5,00,000 | 50,000   | 50,000   |
| Basic and Diluted Earnings per Equity Share (Adjusted for face value to make it par at Rs. 10, which was Rs. 100 for FY 2021 and 2022 and Rs. 10 for FY 2023)   | 1.06      | 3.55     | 0.90     | 2.88     |
| Net Asset Value/Book Value per Equity share (Based on no of share at the end of year Share adjusted for face value to make it par at Rs. 10, which was Rs. 100 for FY 2021 and 2022 and Rs. 10 for FY 2023) | 57.47     | 28.64    | 25.10    | 24.19    |

Note:- Earnings per share (Rs.) = Profit available to equity shareholders / Weighted avg. no. of shares outstanding at the end of the year.

Return on Net worth (%) = Restated Profit after taxation / Net worth x 100

Net asset value / Book value per share (Rs.) = net worth / Weighted avg. no. of equity shares

The Company does not have any revaluation reserves.

## Annexure – VII

## STATEMENT OF CAPITALIZATION AS RESTATED

(₹ in lakhs)

| Particulars                         | Pre Issue        | Pre Issue        | Post Issue*     |
|-------------------------------------|------------------|------------------|-----------------|
|                                     | As at 31.03.2023 | As at 31.08.2023 |                 |
| <b>Debt :</b>                       |                  |                  |                 |
|                                     |                  |                  |                 |
| Short term debt                     | 278.40           | 95.23            | 278.40          |
| Long term debt                      | 168.64           | 150.03           | 168.64          |
| <b>Total Debt</b>                   | <b>447.04</b>    | <b>245.26</b>    | <b>447.04</b>   |
|                                     |                  |                  |                 |
| <b>Shareholders Funds</b>           |                  |                  |                 |
| Equity Share Capital                | 50.00            | 493.17           | 669.81          |
| Reserves and Surplus                | 93.22            | 56.15            | 1,476.79        |
| Less: Revaluation Reserves          | 0.00             | 0.00             | 0.00            |
| Less: Misc. Expenditure             | 0.00             | 0.00             | 0.00            |
| <b>Total Shareholders' Funds</b>    | <b>143.22</b>    | <b>549.32</b>    | <b>2,146.60</b> |
|                                     |                  |                  |                 |
| Long Term Debt/ Shareholders' Funds | 1.18             | 0.27             | 0.08            |
|                                     |                  |                  |                 |
| Total Debt / Shareholders Fund      | 3.12             | 0.45             | 0.21            |

\*Based on the assumption that Fresh Issue of Equity Shares will be fully subscribed.

## 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 included in the Prospectus. You should also read the section entitled “Risk Factors” on page 18, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company and is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. Portions of the following discussion are also based on internally prepared statistical information and on other sources.*

*Our financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the ICDR Regulations and restated as described in the report of our auditor dated October 16, 2023 which is included in this Prospectus under “Financial Statements”. The Restated Financial Information has been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Our financial year ends on March 31 of each year, and all references to a particular financial year are to the twelve-month period ended March 31 of that year.*

### Significant Developments Subsequent to the Last Financial Period

In the opinion of the Board of Directors of our Company, other than as mentioned below, since the date of the last financial statements disclosed in this Prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the business or profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months.

#### *Allotment of Equity Shares:*

Following Equity Shares were issued by our Company after the date of last financial statements i.e. March 31, 2023:

| Date of Allotment | No. of Equity Shares | Face Value (₹) | Issue Price (₹) | Nature / Reason of Allotment    | Nature of Consideration |
|-------------------|----------------------|----------------|-----------------|---------------------------------|-------------------------|
| July 18, 2023     | 43,15,206            | 10             | Nil             | Bonus Issue in the ratio of 7:1 | Nil                     |

### Key factors affecting the results of operation:

Our Company’s future results of operations could be affected potentially by the following factors:

#### *Economic conditions in the markets in which we operate*

Our results of operations are dependent on the overall economic conditions in the markets in which we operate, including India. Any change in macro-economic conditions in these markets, including changes in interest rates, government policies or taxation and political, economic or other developments could affect our business and results of operations. The FMCG market in India may perform differently and be subject to market and regulatory developments that are dissimilar to the markets in other parts of the world. While stronger macro-economic conditions tend to result into higher demand for our products, weaker macro-economic conditions tend to result into lower demand. Change in demand in the market segments we currently supply or improvement/deterioration in the market or a change in regulations, customs, taxes or other trade barriers or restrictions could affect our operations and financial condition.

The following important factors could cause actual results to differ materially from the expectations include among others:

- General economic and business conditions;
- Volatility in financial market
- Increasing competition in the industry;
- Changes in laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;

### **Other Key factors affecting our financial condition and our results of operations:**

Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- Increased competition in this industry;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans including those for which funds are being raised through this Issue;
- Fluctuations in operating costs;
- Any adverse incident, including natural disaster, outbreak of any pandemic;
- Our ability to maintain and expand our existing business;
- Our ability to enter into new verticals and setup new stores;
- Our ability to attract and retain qualified personnel;
- The performance of the financial markets in India and globally; and
- Any adverse outcome in the legal proceedings in which we are involved.

### ***Dependence on third party for manufacturing of our products***

Our Company is engaged in the marketing and distribution of a wide range of FMCG products. Our Company has no formal supply agreement or contract with the manufacturers/ vendors/suppliers for the uninterrupted supply of FMCG distributed or marketed products. There can be no assurance that such parties shall continuously provide their products to us and as per our requirements of quantity as well as quality. In the event of any disruption in the supply of products or the non-availability of products, the purchase and distribution schedule may be adversely affected impacting the sales and profitability of the Company.

## **RESULTS OF OPERATIONS**

### **Description of the major components of revenue and expense items: -**

Our total revenue consists of revenue from operations and other income.

#### **Revenue**

##### Revenue from Operations

Revenue from operations comprised revenue generated from sale of FMCG products through its distribution channel.

#### **Expenses**

Operating Expenses is our largest head of expense and mainly comprised of purchases of products offered by us. Our other costs include Employee benefits expense, Depreciation and amortization expenses and other expenses.

Employee Benefits Expense comprised of salary and wages to employees, Employee benefit expenses and staff welfare expenses.

##### Depreciation and Amortisation Expenses

Depreciation and Amortisation Expenses comprised depreciation on fixed assets both tangible and intangible.

##### Other Expenses

Other expenses primarily comprise of Rent, Electricity & Fuel Expenses, Freight Charges, Commission, Marketing & Promotional Expenses, travelling expenses, legal & professional charges and other miscellaneous expenses.

##### Tax Expense

Our tax expense or credit for the period represents the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

**DISCUSSION ON RESULTS OF OPERATIONS:**

The following discussion on results of operations should be read in conjunction with the restated financial statements of our Company for the financial years ended March 31, 2023, 2022 and 2021.

**OUR SIGNIFICANT ACCOUNTING POLICIES**

For Significant accounting policies please refer *Significant Accounting Policies, “Annexure IV” beginning under “Auditors Report and Financial Information of our Company” on page 101.*

**RESULTS OF OUR OPERATION****FOR THE 5 MONTHS PERIOD ENDED AUGUST 31, 2023**

(₹ lakhs)

| Particulars   | For the period ended 31.08.23 | % of Total Income |
|---|-------------------------------|-------------------|
| <b>Income</b>   |                               |                   |
| Revenue from Operations                                 | 1,574.24                      | 99.28             |
| Other Income  | 11.34                         | 0.72              |
| <b>Total Revenue</b>                                    | <b>1,585.58</b>               | <b>100.00</b>     |
| <b>Expenditure</b>                                      |                               |                   |
| Cost of Goods Sold                                      | 1,511.57                      | 95.33             |
| Employee Benefit Expenses                               | 24.85                         | 1.57              |
| Other Expenses  | 18.74                         | 1.18              |
| <b>Total (B)</b>  | <b>1,555.16</b>               | <b>98.08</b>      |
| <b>Profit Before Interest, Depreciation and Tax</b>     | <b>30.42</b>                  | <b>1.92</b>       |
| Depreciation and Amortisation Expenses                  | 0.53                          | 0.03              |
| <b>Profit Before Interest and Tax</b>                   | <b>29.89</b>                  | <b>1.89</b>       |
| Financial Charges                                       | 16.23                         | 1.02              |
| <b>Profit before Taxation</b>                           | <b>13.66</b>                  | <b>0.86</b>       |
| Taxes   | 3.55                          | 0.22              |
| <b>Profit After Tax but Before Extra ordinary Items</b> | <b>10.11</b>                  | <b>0.64</b>       |

**Total Income :** We recorded Operational Revenue of ₹ 1574.24 Lakhs and Other Income earned by us was ₹ 11.34 Lakhs. Total Income for the period ended August 31, 2023 was ₹ 1585.58 Lakhs.

**Operating Expenses:** The total operating expenditure aggregated to ₹ 1555.16 lakhs which was 98.08% of the Total Income.

Cost of Goods Sold amounted to ₹ 1511.57 lakhs which was 95.33% of the Total Income. Our Other Expenses stood at ₹ 18.74 lakhs which was 1.18% of the Total Income.

Employee Benefit Expenses stood at ₹ 24.85 lakhs which was 1.57% of the Total Income.



**Depreciation and Amortization Expenses:** Depreciation and Amortization cost worked out to ₹ 0.53 lakhs, which is 0.03% of our Total Income.

**Financial Charges:** Financial charges during the period worked out to ₹ 16.23 lakhs, which is 1.02% of our Total Income.

**Tax Expenses:** Tax Expenses for the period were ₹ 3.55 Lakhs.

**Profits :** Our PBIDT stood at ₹ 30.42 lakhs for the 5 months period ended August31, 2023 with the PBIDT margin of 1.92%. We recorded Net Profit after tax of ₹ 10.11 lakhs. Our Net Profit Margin stood at 0.64%.

#### COMPARISON OF FINANCIAL YEARS ENDED MARCH 31, 2023, 2022 AND 2021

(₹ lakhs)

| Particulars   | 31.03.23        | 31.03.22        | 31.03.21        |
|---|-----------------|-----------------|-----------------|
| <b>Income</b>                                       |                 |                 |                 |
| Revenue from Operations                             | <b>4,051.59</b> | <b>3,225.87</b> | <b>3,929.64</b> |
| Increase/Decrease (%)                               | 25.60%          | -17.91%         |                 |
| Other Income  | <b>25.66</b>    | <b>28.70</b>    | <b>26.03</b>    |
| <b>Total Income</b>                                 | <b>4,077.25</b> | <b>3,254.57</b> | <b>3,955.67</b> |
| Increase/Decrease (%)                               | 25.28%          | -17.72%         |                 |
| <b>Expenditure</b>                                  |                 |                 |                 |
| <b>Cost of Goods Sold</b>                           | <b>3,935.81</b> | <b>3,132.55</b> | <b>3,810.31</b> |
| Increase/Decrease (%)                               | 25.64%          | -17.79%         |                 |
| % to Total Income                                   | 96.53%          | 96.25%          | 96.33%          |
| <b>Employee Benefit Expenses</b>                    | <b>49.01</b>    | <b>45.46</b>    | <b>36.40</b>    |
| Increase/Decrease (%)                               | 7.81%           | 24.89%          |                 |
| % to Total Income                                   | 1.20%           | 1.40%           | 0.92%           |
| <b>Other Expenses</b>                               | <b>23.48</b>    | <b>28.57</b>    | <b>43.50</b>    |
| Increase/Decrease (%)                               | -17.82%         | -34.32%         |                 |
| % to Total Income                                   | 0.58%           | 0.88%           | 1.10%           |
| <b>Total Expenditure</b>                            | <b>4,008.30</b> | <b>3,206.58</b> | <b>3,890.21</b> |
| Increase/Decrease (%)                               | 25.00%          | -17.57%         |                 |
| % to Total Income                                   | 98.31%          | 98.53%          | 98.35%          |
| <b>Profit Before Interest, Depreciation and Tax</b> | <b>68.95</b>    | <b>47.99</b>    | <b>65.46</b>    |
| Increase/Decrease (%)                               | 43.68%          | -26.69%         |                 |
| % to Total Income                                   | 1.69%           | 1.47%           | 1.65%           |
| <b>Depreciation and Amortisation Expenses</b>       | <b>1.78</b>     | <b>1.70</b>     | <b>1.49</b>     |
| Increase/Decrease (%)                               | 4.71%           | 14.09%          |                 |
| % to Total Income                                   | 0.04%           | 0.05%           | 0.04%           |

|   |              |              |              |
|---|--------------|--------------|--------------|
| <b>Profit Before Interest and Tax</b>                   | <b>67.17</b> | <b>46.29</b> | <b>63.97</b> |
| Increase/Decrease (%)                                   | 45.11%       | -27.64%      |              |
| % to Total Income                                       | 1.65%        | 1.42%        | 1.62%        |
|   |              |              |              |
| <b>Financial Charges</b>                                | <b>40.92</b> | <b>39.94</b> | <b>43.98</b> |
| Increase/Decrease (%)                                   | 2.45%        | -9.19%       |              |
| % to Total Income                                       | 1.00%        | 1.23%        | 1.11%        |
|   |              |              |              |
| <b>Profit before Taxation</b>                           | <b>26.25</b> | <b>6.35</b>  | <b>19.99</b> |
| Increase/Decrease (%)                                   | 313.39%      | -68.23%      |              |
| % to Total Income                                       | 0.64%        | 0.20%        | 0.51%        |
|   |              |              |              |
| <b>Total Taxes</b>                                      | <b>8.52</b>  | <b>1.83</b>  | <b>5.58</b>  |
| Increase/Decrease (%)                                   | 365.57%      | -67.20%      |              |
| % to Total Income                                       | 0.21%        | 0.06%        | 0.14%        |
|   |              |              |              |
| <b>Profit After Tax but Before Extra ordinary Items</b> | <b>17.73</b> | <b>4.52</b>  | <b>14.41</b> |
| Increase/Decrease (%)                                   | 292.26%      | -68.63%      |              |
| % to Total Income                                       | 0.43%        | 0.14%        | 0.36%        |
|   |              |              |              |
| <b>Extraordinary Items</b>                              | <b>0.00</b>  | <b>0.00</b>  | <b>0.00</b>  |
|   |              |              |              |
| <b>Net Profit after adjustments</b>                     | <b>17.73</b> | <b>4.52</b>  | <b>14.41</b> |
| Increase/Decrease (%)                                   | 292.26%      | -68.63%      |              |
| % to Total Income                                       | 0.43%        | 0.14%        | 0.36%        |

**Comparison of FY 2023 with FY 2022:****Revenue from operations**

Apart from the drop in the activities due to Covid related restrictions, the main reason for dip in the Sales during FY 2022 as compared to FY 2021 because we segregated the distribution business of Kushal Nagar area to our group entity M/s. Shanthala Enterprises proprietorship of Mrs. B. Sharada Malya, mother of our Promoter, as our distributor did not allow the distributorship in two geographies in the same name. The Sales amount relating to that area was Rs.1200 Lakhs during FY 2022 in the books of M/s. Shanthala Enterprises. PAT has also decreased in line with drop in Sales. Increase in Sales in FY 2023 compared to FY 2022 is due to full-fledged opening of economy due to release of Covid related restrictions and coming back of tourists to the Coorg has resulted in increase in consumption and in turn Sale.

The Revenue from operations for the FY 2023 was ₹ 4,051.79 lakhs as compared to ₹ 3,225.87 lakhs during the FY 2022 showing an increase of 25.60%. This increase is mainly due to increase in volume of business.

Other Income for the FY 2023 and FY 2022 was ₹ 25.66 Lakhs and ₹ 28.70 Lakhs respectively includes mainly Room rent for property of the Company given on lease, Marketing and support services, FD Interest, Insurance claim during FY 2022 etc.

The Total Income for the FY 2023 and FY 2022 was ₹ 4,077.25 Lakhs and ₹ 3,254.57 Lakhs respectively.

**Expenditure:****Total Operating Expenses**

Total Operating Expenses increased in an absolute term to ₹ 4,008.30 lakhs for FY 2023 from ₹ 3,206.58 lakhs for FY 2022. This increase was mainly in line with increase in operations due to increase in volume of business.

#### **Cost of Goods Sold (COGS)**

COGS at the end of year was ₹ 3,935.81 lakhs for FY 2023 and ₹ 3,132.55 lakhs for FY 2022. This increase was mainly due to increase in overall business during FY 2023.

#### **Employee Benefit Expenses**

Employee Benefit Expenses increased in absolute term from ₹ 45.46 lakhs for the year ended March 31, 2022 to ₹ 49.01 lakhs for FY 2023 showing an increase of 7.81%. This increase was mainly due to increase in Salary & Wages of employees of the Company. Employee Benefit Expenses stood at 1.40% and 1.20% of Total income for FY 2022 and FY 2023, respectively.

#### **Other Expenses**

Other Expenses decreased to ₹ 23.48 lakhs for FY 2023 from ₹ 28.57 lakhs for FY 2022 showing a decrease of 17.82% due to reduction in Distribution expenses. Other Expenses was 0.58% of Total income during FY 2023 as against 0.88% during FY 2022.

#### **EBIDTA**

EBIDTA increased from ₹ 47.99 lakhs for FY 2022 to ₹ 68.95 lakhs for FY 2023 due to the reasons listed above. During FY 2023, our Company recorded EBIDTA margin of 1.69% of the Total income as against 1.47% during FY 2022.

#### **Depreciation**

Depreciation on fixed assets was 0.04% of Total income during FY 2023 as compared to 0.05% during FY 2022. The total depreciation during FY 2022 was ₹ 1.70 lakhs and during FY 2023 it was ₹ 1.78 lakhs.

#### **Financial Charges**

Financial Charges was 1.00% of Total income during FY 2023 as compared to 1.23% during FY 2022. The Financial Charges included Interest expenses and others. The total Financial Charges during FY 2022 was ₹ 39.94 lakhs and during FY 2023 it was ₹ 40.92 lakhs, this absolute increase is mainly due to increase in interest expenses and other expenses for borrowings.

#### **Profit after Tax and restatement adjustment but before Extra-ordinary item (PAT before Extra-ordinary item)**

PAT before Extra-ordinary item increased from ₹ 4.52 lakhs for the FY 2022 to ₹ 17.73 lakhs in FY 2023. This increase was mainly on account of decrease in expenditure and other reasons as detailed above. During FY 2023, our Company recorded PAT before Extra-ordinary item margin of 0.43% for FY 2023 as against margin of 0.14% for FY 2022.

#### **Profit after Tax and restatement adjustment and Extra-ordinary item (PAT after Extra-ordinary item)**

Since there is no extra ordinary items, PAT after Extra-ordinary remained same as before extra-ordinary item and accordingly increased from ₹ 4.52 lakhs for the FY 2022 to ₹ 17.73 lakhs in FY 2023. This increase was mainly on account of decrease in expenditure and other reasons as detailed above. During FY 2023, our Company recorded PAT before Extra-ordinary item margin of 0.43% for FY 2023 as against margin of 0.14% for FY 2022.

#### **Comparison of FY 2022 with FY 2021:**

##### **Revenue from operations**

The Revenue from operations for the FY 2021 was ₹ 3,929.64 lakhs as compared to ₹ 3,225.87 lakhs during the FY 2022 showing a decrease of 17.91%. This decrease is mainly due to decreased in volume of sales in FY 2022. During FY 2021

due to COVID-19 pandemic our sales has exceptionally boost up as delivery of FMCG goods were permitted freely amongst the items allowed by the local authorities in the Country including geographies we operate.

Other Income for the FY 2021 and FY 2022 was ₹ 26.03 Lakhs and ₹ 28.70 Lakhs respectively includes Room rent for property of the Company given on lease, Marketing and support services, FD Interest, Insurance claim during FY 2022 etc.

The Total Income for the FY 2021 and FY 2022 was ₹ 3,955.67 Lakhs and ₹ 3,254.57 Lakhs respectively.

### **Expenditure:**

#### **Total Operating Expenses**

Total Operating Expenses decreased in an absolute term from ₹ 3,890.21 lakhs for FY 2021 to ₹ 3,206.58 lakhs for FY 2022. This decrease was mainly in line with decrease in sales volume and value of sales.

#### **Cost of Goods Sold (COGS)**

COGS at the end of year was ₹ 3,810.31 lakhs for FY 2021 and ₹ 3,132.55 lakhs for FY 2022. This decrease was mainly due to decrease in overall business during FY 2022.

#### **Employee Benefit Expenses**

Employee Benefit Expenses increased in absolute term to ₹ 45.46 lakhs for the year ended March 31, 2022 from ₹ 36.40 lakhs for FY 2021 showing an increase of 24.89%. This increase was mainly due to increase in Salary & Wages of employees of the Company and Directors remuneration. Employee Benefit Expenses stood at 1.40% and 0.92% of Total income for FY 2022 and FY 2021, respectively.

#### **Other Expenses**

Other Expenses decreased from ₹ 43.50 lakhs for FY 2021 from ₹ 28.57 lakhs for FY 2022 showing a decrease of 34.32% due to reduction in Distribution expenses. Other Expenses was 1.10% of Total income during FY 2021 as against 0.88% during FY 2022.

#### **EBIDTA**

EBIDTA decreased to ₹ 47.99 lakhs for FY 2022 from ₹ 65.46 lakhs for FY 2021 due to the reasons listed above. During FY 2021, our Company recorded EBIDTA margin of 1.65% of the Total income as against 1.47% during FY 2022.

#### **Depreciation**

Depreciation on fixed assets was 0.04% of Total income during FY 2021 as compared to 0.05% during FY 2022. The total depreciation during FY 2022 was ₹ 1.70 lakhs and during FY 2021 it was ₹ 1.49 lakhs.

#### **Financial Charges**

Financial Charges was 1.11% of Total income during FY 2021 as compared to 1.23% during FY 2022. The Financial Charges included Interest expenses and others. The total Financial Charges during FY 2022 was ₹ 39.94 lakhs and during FY 2023 it was ₹ 43.98 lakhs, this decrease is mainly due to lower interest and other expenses for borrowings in line with lower revenues.

#### **Profit after Tax and restatement adjustment but before Extra-ordinary item (PAT before Extra-ordinary item)**

PAT before Extra-ordinary item decreased to ₹ 4.52 lakhs for the FY 2022 from ₹ 14.41 lakhs in FY 2021. This decrease was mainly on account of increase in expenditure and other reasons as detailed above. During FY 2021, our Company recorded PAT before Extra-ordinary item margin of 0.36% for FY 2021 as against margin of 0.14% for FY 2022.

**Profit after Tax and restatement adjustment and Extra-ordinary item (PAT after Extra-ordinary item)**

Since there is no extra ordinary items, PAT after Extra-ordinary remained same as before extra-ordinary item and accordingly decreased to ₹ 4.52 lakhs for the FY 2022 from ₹ 14.41 lakhs in FY 2021. This decrease was mainly on account of increase in expenditure and other reasons as detailed above. During FY 2021, our Company recorded PAT before Extra-ordinary item margin of 0.36% for FY 2021 as against margin of 0.14% for FY 2022.

**Cash Flows**

The following table sets forth certain information concerning our cash flows for the periods indicated:

(₹ in lakhs)

| Particulars                                      | 31.08.23 | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|--|----------|-------------|-------------|-------------|
| Net cash flow from operating activities          | -231.24  | 110.84      | 27.28       | 13.91       |
| Net cash flow from investing activities          | 9.89     | 22.57       | -32.37      | 25.48       |
| Net cash flow from financing activities          | 177.95   | -60.07      | 20.69       | -45.77      |
| Net increase in cash and cash equivalents        | -43.40   | 73.34       | 15.60       | -6.38       |
| Add: Balance at the beginning of the year        | 137.57   | 64.23       | 48.63       | 55.01       |
| Cash and cash equivalents at the end of the year | 94.17    | 137.57      | 64.23       | 48.63       |

**FACTORS THAT MAY AFFECT THE RESULTS OF THE OPERATIONS:****1. Unusual or infrequent events or transactions**

An outbreak of COVID-19 was recognised as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India, have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. Due to a government mandated lockdown in India, we had to temporarily shut down of our operations but delivery of FMCG goods was allowed to our industry since we are dealing in essential items. We saw an upsurge in our business during the period of lock down in Fiscal 2021.

**2. Significant economic changes that materially affected or are likely to affect income from continuing operations.**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in ‘*Factors Affecting our Results of Operations*’ and the uncertainties described in the section entitled ‘*Risk Factors*’ beginning on page 18. of the Prospectus. To our knowledge, except as we have described in the Prospectus, there are no known factors which we expect to bring about significant economic changes.

**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 titled “*Risk Factors*” on page 18. The 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, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.**

Our Company’s future costs and revenues will be determined by demand/supply situation, government policies and prices quoted by service providers.

**5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.**

Changes in revenues during the last three fiscal years and for the period ended August 31, 2023 are explained in “Management’s Discussion and Analysis of Financial Condition & Results of Operations” under the subsection “Comparison of Financial Years ended March 31, 2023, 2022 and 2021” under the respective paragraphs titled “Operating Revenue”.

**6. Total turnover of each major industry segment in which the issuer company operated.**

For details on the total turnover of the industry please refer to “*Industry Overview*” on page 70.

**7. Status of any publicly announced new products or business segment.**

Our Company has not announced any new product or business segment.

**8. The extent to which business is seasonal.**

Our business is not seasonal in nature.

**9. Any significant dependence on a single or few suppliers or customers.**

| Particulars                         | Period ended<br>August 31, 2023 | Financial Year<br>ended<br>March 31, 2023 | Financial Year<br>ended<br>March 31, 2022 |
|-------------------------------------|---------------------------------|---|---|
| Customers’ contribution Top 10 (%)  | 12.77%                          | 13.68%                                    | 18.91%                                    |
| Suppliers’ contribution Top 10* (%) | 100.00%                         | 100.00%                                   | 100.00%                                   |

\* We have only 2 suppliers for the period ended August 31, 2023, 4 Suppliers for FY 2022-23 and 3 suppliers for FY 2021-22

**10. Competitive conditions.**

Competitive conditions are as described under “*Industry Overview*” and “*Our Business*” on pages 70 and 80, respectively.

**FINANCIAL INDEBTEDNESS**

Following is a summary of our Company's outstanding borrowings as on August 31, 2023:

| Sr. No. | Nature of Borrowing  | Amount (₹ in lakhs) |
|---------|----------------------|---------------------|
| 1.      | Secured Borrowings   | 212.39              |
| 2.      | Unsecured Borrowings | 32.87               |
|         | <b>Total</b>         | <b>245.26</b>       |

The details of loans as on August 31, 2023 are as under:

Secured Loans:

| Particulars                             | Sanctioned Amount (Rs. In Lakhs) and date of Sanction letter | Outstanding Amount (Rs. In Lakhs) | Rate of Interest (p.a.) (%) | Primary Security  | Repayment terms  |
|---|--|-----------------------------------|-----------------------------|---|--|
| ICICI Bank – Cash Credit                | 170.00<br>22/01/2021   | 14.44                             | 9.00%                       | Inventory and Book debts and collaterally secured by property of Directors  | Payable on Demand  |
| ICICI Bank – Term Loan – ECLGS          | 33.90<br>01.07.2020  | 9.42                              | 8.50%                       | The facility has second charge with facility in terms of the Cash Flows (including repayment)   | 12 months moratorium and repayable in 36 equal monthly instalments                                   |
| State Bank of India – Channel Financing | 170.00<br>08.10.2021   | 80.79                             | 9.10%                       | Inventory and Book debts and collateral secured by term deposits  | Payable on Demand  |
| Bharat Co-operative Bank – Term Loan    | 160.00<br>28.03.2018   | 107.74                            | 13.90%                      | Equitable mortgage over immovable property comprised of ground + 4 floors totally admeasuring 11,420 sq. ft. at Subhasnagar, Panjarpaet, Virajpet – 571218, Karnataka, India.<br><br>Hypothecation charge over fabrication & roofing work, furnitures & fixtures, home appliances & electronics and generator installation. | 6 months gestation period and principal repayable in 114 equal monthly instalments of Rs. 2,53,546/- |
| <b>Total</b>                            |  | <b>245.26</b>                     |                             |   |  |

Unsecured Loans:

| <b>Particulars</b>  | <b>Outstanding as on<br/>August 31, 23 (Rs. In<br/>Lakhs)</b> | <b>Rate of<br/>Interest<br/>(p.a.) (%)</b> | <b>Repayment</b> |
|---------------------|---|--|------------------|
| B. Manjunath Mallya | 12.87   | Nil  | On Demand        |
| Shwetha Kudva       | 20.00   | 12.00                                      | On Demand        |



## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there is no (i) pending criminal litigation involving our Company, Directors, Promoter or Group Companies; (ii) actions taken by statutory or regulatory authorities involving our Company, Directors, Promoter or Group Companies; (iii) outstanding claims involving our Company, Directors, Promoter or Group Companies for any direct and indirect tax liabilities; (iv) outstanding proceedings initiated against our Company for economic offences; (v) defaults or non-payment of statutory dues by our Company; (vi) material fraud against our Company in the last five years immediately preceding the year of this Prospectus; (vii) inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or any previous companies law against our Company during the last five years immediately preceding the year of this Prospectus and if there were prosecutions filed (whether pending or not); (viii) fines imposed or compounding of offences for our Company in the last five years immediately preceding the year of this Prospectus; (ix) litigation or legal action against our Promoter by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Prospectus; (x) pending litigations involving our Company, Directors, Promoter, Group Companies or any other person, as determined to be material by the Company's Board of Directors in accordance with the SEBI (ICDR) Regulations; or (xi) outstanding dues to creditors of our Company as determined to be material by our Company's Board of Directors in accordance with the SEBI (ICDR) Regulations and dues to small scale undertakings and other creditors.

#### Materiality policy of the Company for Outstanding Litigations

1. All litigations pertaining to the company, its directors/ promoters/ group companies/ subsidiaries which are in the nature of criminal, statutory/ regulatory and taxation related are deemed material by the Board. Further the Board considers all other litigation pertaining to the company, its directors/promoters/ group companies/ subsidiaries which exceed 5% of the revenue of our Company as per the audited previous full year financial statements shall be considered as material.
2. All outstanding dues owed by Company to small scale undertaking and other creditors exceeding 5% of the revenue of our Company as per the audited previous full year financial statements shall be considered as material by our Board and the same will be disclosed in the Annual report of the Company. The Board is authorized to display the details of such creditors on the website of our company.

Our Company, our Promoter and/or our Directors, have not been declared as wilful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoter or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

Unless otherwise stated, all proceedings are pending as of the date of this Prospectus. All information provided below is as of the date of this Prospectus.

None of our Promoters or Directors are Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

**LITIGATION INVOLVING OUR COMPANY:** Nil

**LITIGATION INVOLVING THE DIRECTORS:** Nil

**LITIGATION INVOLVING OUR PROMOTERS:** Nil

**LITIGATION INVOLVING OUR GROUP ENTITIES:** Nil

#### **TAX PROCEEDINGS:**

A summary of tax proceedings involving our Company, our Promoter, our directors, or our Group Companies are stated below:

| Nature of case | Number of cases | Amount involved (in ₹lakhs) |
|----------------|-----------------|-----------------------------|
| Company        |                 |                             |

|  |     |        |
|--|-----|--------|
| Direct Tax   | Nil | Nil    |
| Indirect Tax                                       | 1   | 30.46* |
| <b><i>Our Promoters</i></b>                        |     |        |
| Direct Tax   | 2   | 2.63** |
| Indirect Tax                                       | Nil | Nil    |
| <b><i>Our Directors (other than Promoters)</i></b> |     |        |
| Direct Tax   | Nil | Nil    |
| Indirect Tax                                       | Nil | Nil    |
| <b><i>Our Group Companies</i></b>                  |     |        |
| Direct Tax   | Nil | Nil    |
| Indirect Tax                                       | Nil | Nil    |

\*As per Show Cause notice date June 28, 2023 from Assistant Commissioner of Central Tax, Circle – 2, Mysuru Audit Commissionerate for non-reversal of CGST / SGST / Cess for the credit notes received from the suppliers viz. ITC, MTR, PNG, Nestle, Sunpure and for non-reversal of input tax credit on sales returns.

\*\*This is the amount of income claimed to have been short disclosed for A. Y. 2017-18 by B. Manjunath accordingly to 1 notice and 1 notice related to Yogish Mallya for which the amount is not ascertainable.

The table above does not include those penalties, interests and costs, if any, which may be imposed or which may have been pleaded but not quantified in the course of legal proceedings, or which the Court / Tribunal otherwise has the discretion to impose. The imposition and amount of such penalties / interests / costs are at the discretion of the court / tribunal where the case is pending.

#### **LEGAL NOTICES RECEIVED BY OUR COMPANY, OUR PROMOTER AND OUR DIRECTORS: NIL**

#### **MATERIAL FRAUDS AGAINST OUR COMPANY**

There have been no material frauds committed against our Company in the five years preceding the year of this Prospectus.

#### **PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES**

There are no proceedings initiated against our Company for any economic offences.

#### **NON-PAYMENT OF STATUTORY DUES**

As on the date of the Prospectus there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) over dues to companies or financial institutions by our Company, (iii) defaults against companies or financial institutions by our Company, or (iv) contingent liabilities not paid for.

#### **PAST CASES WHERE PENALTIES WERE IMPOSED**

There are no past cases where penalties were imposed on our Company by concerned authorities/courts.

#### **OUTSTANDING LITIGATION AGAINST OTHER PERSONS AND COMPANIES WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY**

As on the date of the Prospectus, there is no outstanding litigation against other persons and companies whose outcome could have a material adverse effect on our Company.

#### **PAST INQUIRIES, INSPECTIONS, OR INVESTIGATIONS**

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 or any previous company law in the last five years immediately preceding the year of the Prospectus in the case of Company, Promoters, Directors. Other than as described above, there have been no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last five years immediately preceding the year of the Prospectus.

Further, there is no legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoters during the last five years immediately preceding the year of the issue of the Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

## OUTSTANDING DUES TO CREDITORS

As per the Materiality Policy, our Board has approved that each creditor, to whom our Company individually owes a net aggregate amount that exceeds 5.00% of the trade payables as per the Restated Financial Statements for the most recent financial year, shall be considered as a material creditor of our Company. Our Board has also approved that dues owed by our Company to small scale undertakings as per the Restated Financial Statements for the most recent financial year shall be disclosed in a consolidated manner.

As of August 31, 2023, our Company, in its ordinary course of business, has following amount which is due towards trade creditors. As per the above policy, consolidated information of outstanding dues, as at August 31, 2023, owed to small scale undertakings, material dues to trade creditors separately, giving details of number of cases and aggregate amount for such dues is as under:

| ( ₹ in lakhs)                    |                 |                    |
|----------------------------------|-----------------|--------------------|
| Particulars                      | Number of cases | Amount Outstanding |
| Dues to small scale undertakings | 0               | 0                  |
| Material dues to creditors       | 4               | 9.55               |
| Other dues to creditors          | 4               | (3.81)             |

Further, our Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the yearend together with interest payable as required under the said Act have not been furnished. Our Company does not owe any small-scale industries or any MSMEs any amounts exceeding ₹1 lakh which is outstanding for more than 30 days. There are no disputes with such entities in relation to payments to be made to them.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at [www.Shanthalafmcg.com](http://www.Shanthalafmcg.com). It is clarified that such details available on our website do not form a part of this Prospectus. Anyone placing reliance on any other source of information would be doing so at their own risk.

## Material Developments

Except as stated in “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on page 138, there have not arisen, since the date of the last financial statements disclosed in the Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

We have set out below a list of material approvals, consents, licences, and permissions from the governmental and regulatory authorities obtained by our Company which are considered material and necessary for the purpose of undertaking our business activities and operations. In view of the approvals listed herein, our Company can undertake the Offer and its current business activities. Unless otherwise stated, our Company has obtained all material approvals and the same are valid as of the date of this Prospectus. The material approvals, consents, licenses, registrations, and permits obtained by our Company which enable it to undertake its current business activities are set forth below. Further, as on the date of this Prospectus, our Company does not have any material subsidiaries.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities. For further details in connection with the regulatory and legal framework within which we operate, please refer “Key Regulations and Policies” on page 90.

### A. Corporate / General Authorizations

| Sr. No. | Authorisation granted  | Issuing Authority                 | Registration No./CIN  | Date of Issue     | Valid up to           |
|---------|--|-----------------------------------|-----------------------|-------------------|-----------------------|
| 1.      | Certificate of incorporation in the name of “Shanthala Traders Private Limited”  | Registrar of Companies, Bangalore | U51109KA2014PTC073756 | February 20, 2014 | Valid until cancelled |
| 2.      | Fresh Certificate of Incorporation Consequent upon Change of Name to “Shanthala FMCG Products Private Limited”   | Registrar of Companies, Bangalore | U51109KA2014PTC073756 | April 24, 2023    | Valid until cancelled |
| 3.      | Fresh Certificate of Incorporation Consequent upon Change of Name on Conversion to Public Limited Company in the name of “Shanthala FMCG Products Limited” | Registrar of Companies, Bangalore | U51109KA2014PLC073756 | July 10, 2023     | Valid until cancelled |

### B. Issue Related Authorizations

1. Our Board of Directors has, pursuant to a resolution passed at its meeting held on July 14, 2023, authorised the Issue subject to the approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013 and approvals by such other authorities as may be necessary.
2. The shareholders of our Company have authorised the Issue, pursuant to a special resolution under Section 62(1)(c) of the Companies Act, 2013, passed at their EGM held on July 18, 2023.
3. Our Company has obtained in-principle approval vide letter dated October 11, 2023 from the National Stock Exchange of India Limited.
4. Our Company's International Securities Identification Number (“ISIN”) is INE0Q9Q01017

### C. Tax Related and Other Business Approvals:

| Sr. No. | Authorisation Granted              | Issuing Authority          | Registration No. / Reference No. / License No. | Applicable Act/ Regulation | Valid up to           |
|---------|------------------------------------|----------------------------|--|----------------------------|-----------------------|
| 1.      | Permanent Account Number (PAN)     | Income Tax Department, GoI | AAUCS2983H                                     | Income Tax Act, 1961       | Valid until cancelled |
| 2.      | Tax Deduction Account Number (TAN) | Income Tax Department, GoI | BLRS48883C                                     | Income Tax Act, 1961       | Valid until cancelled |
| 3.      | GSTIN                              | Government of India        | 29AAUCS2983H1ZI                                | GST Act                    | Valid until cancelled |

|    |  |                         |                       |   |                       |
|----|--|-------------------------|-----------------------|---|-----------------------|
|    | Certificate of Registration                  |                         |                       |   |                       |
| 4. | Certificate of Registration (Profession Tax) | Government of Karnataka | 1005335884            | Karnataka Tax on Professions, Trades, callings and Employment Act, 1976 | Valid until cancelled |
| 5. | FSSAI Registration                           | Government of Karnataka | 11217319000131        | Food Safety and Standards Authority of India under FSS Act, 2006        | November 09, 2025     |
| 6. | Udyam Registration Certificate               | Government of India     | UDYAM-KR-18-0002183   | Ministry of Micro, Small and Medium Enterprises                         | Valid until cancelled |
| 7. | Trade License                                | Government of Karnataka | VRP-TL-213857 2019-20 | - Karnataka Municipal Corporation Act, 1976                             | 31.03.2025            |

**D. Intellectual Property Registration**

Our Company does not own any intellectual property.

**E. Approvals applied for but not yet received / Renewals made in the usual course of business:**

*NIL*

**F. Material licenses / approvals for which our Company is yet to apply for / Statutory Approvals / Licenses required:**

*NIL*

## **OUR GROUP ENTITIES**

As per the requirements of SEBI (ICDR) Regulations, for the purpose of identification of ‘Group Companies’, our Company considered companies as covered under the applicable accounting standards, being AS 18 (as mentioned in our restated financial statements), or other companies as considered material by our Board.

Accordingly, our Board has identified following entities as our Group Companies, and other than these entities, there are no companies which are considered material by the Board to be identified as group companies. Set forth below are details of our Group Companies as on the date of this Prospectus.

We do not have any group company as on the date of the Prospectus. For details, please refer to section titled “Our Promoters and Promoter Group” beginning on page 106 of the Prospectus.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the offer

#### Corporate Approvals

- Our Board has, pursuant to its resolution dated July 14, 2023, authorized the Offer, subject to the approval of the Equity Shareholders of our Company under Section 62(1)(c) of the Companies Act 2013.
- Our Equity Shareholders have, pursuant to a resolution dated July 18, 2023, under Section 62(1)(c) of the Companies Act, authorized the Offer.

We have received in-principle approval from NSE *vide* their letter dated October 11, 2023 to use the name of NSE in this Offer Document for listing of our Equity Shares on Emerge Platform of NSE. NSE is the Designated Stock Exchange.

### Prohibition by SEBI, the RBI, or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group, the persons in control of our Company have not been prohibited from accessing the capital markets and have not been debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority or court, including any securities market regulator in any jurisdiction.

### Prohibition by RBI

Neither our Company, our Promoter, our Directors, relatives (as per Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as a wilful defaulter or a fugitive economic offender and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them.

Neither our Company, our Promoter, our Directors, relatives (as per Companies Act, 2013) of Promoter or the person(s) in control of our Company have been categorized as a wilful 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 wilful defaulters or fraudulent borrowers issued by the Reserve Bank of India;

None of our Promoters or Directors are Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

### Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, Promoter, members of the Promoter Group, are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended (“SBO Rules”), to the extent applicable to each of them as on the date of this Prospectus.

### Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market and there has been no action initiated by SEBI against the Directors of our Company in the five years preceding the date of this Prospectus.

### Eligibility for this Offer

Our Company has complied with the conditions of Regulation 230 of SEBI (ICDR) Regulations, 2018 for this Offer.

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations; and this Offer is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 229(1) and other provisions of Chapter IX of the SEBI (ICDR) Regulations, 2018 as we are an Issuer whose post issue paid up capital is less or equal to Rs. 10 crore and we may hence issue Equity Shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the “*Emerge Platform of National Stock Exchange of India Limited*”).

We confirm that:

1. In accordance with Regulation 260 of the SEBI (ICDR) Regulations, this Offer is 100% underwritten and that the LM to the Issue shall underwrite minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to section titled "*General Information -Underwriting*" beginning on page 40.
2. In accordance with Regulation 268 of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within four (4) Working 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 four (4) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act 2013.
3. In terms of Regulation 246(5) of the SEBI (ICDR) Regulations, our Lead Manager has submitted a soft copy of the Prospectus to SEBI at the time of filing the Prospectus with Stock Exchange. Further, in terms of Regulation 246(2), SEBI shall not issue observation on the Prospectus. In terms of Regulation 246(1) and (3) of the SEBI (ICDR) Regulations, we shall ensure that our Lead Manager submits a copy of the Offer Document along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Offer Document with Stock Exchange and the Registrar of Companies. Further, in terms of Regulation 246(2), SEBI shall not issue observation on the Offer Document.
4. In accordance with Regulation 261(1) of the SEBI (ICDR) Regulations, we hereby confirm that we shall enter into an agreement with the Lead Manager and with Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of Equity Shares on the Emerge Platform of NSE. For further details of the arrangement of market making please refer to section titled "*General Information - Details of the Market Making Arrangements for this Offer*" beginning on page 40.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter IX of SEBI (ICDR) Regulations, 2018 as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

We confirm that we comply with all the below requirements / conditions so as to be eligible to be listed on the Emerge Platform of the NSE:

- a) Our Company was incorporated on February 20,2014, with the Registrar of Companies, Bangalore under the Companies Act, 1956 in India.
- b) As on the date of this Prospectus, our Company has a paid-up capital of ₹493.17 lakhs and the Post Issue Paid-up Equity Share Capital will be ₹669.81 lakhs which is less than ₹2,500 lakhs.
- c) Our Company has a track record of at least three years.
- d) Our company has positive cash accruals on the basis of restated financials (earnings before depreciation, interest and tax) from operations for at least 2 financial years preceding, below are the details:

| (₹ Lakhs)  |              |              |              |
|--|--------------|--------------|--------------|
| Particulars  | FY 2023      | FY 2022      | FY 2021      |
| Profit Before Tax  | 26.25        | 6.35         | 19.99        |
| Add: Depreciation  | 1.78         | 1.70         | 1.49         |
| Add : Interest   | 40.92        | 39.94        | 43.98        |
| Less :Other Income   | -25.66       | -28.70       | -26.03       |
| <b>Positive Cash Accruals (Earnings Before Depreciation, Interest and Tax)</b> | <b>43.29</b> | <b>19.29</b> | <b>39.43</b> |

- e) The networth as per the restated financials of our Company as on March 31, 2023 is ₹143.22 lakhs and as on August 31, 2023 is ₹549.3 lakhs.



- f) Our Company has not been referred to erstwhile Board for Industrial and Financial Reconstruction (BIFR) and no proceedings have been admitted under Insolvency and Bankruptcy Code against the issuer and Promoting companies.
- g) Our Company has not received any winding up petition admitted by a NCLT / Court.
- h) No material regulatory or disciplinary action has been taken by a stock exchange or regulatory authority in the past three years against our Company.

Other Disclosures:

- i) Any material regulatory or disciplinary action 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 company(ies) of the applicant company: **Not Applicable**
- j) Defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) during the past three years: **Not Applicable**
- k) We have disclosed the applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) litigation record, the nature of litigation, and status of litigation. **Complied with**
- l) In respect of the track record of the directors, the status of criminal cases filed or nature of the investigation being undertaken with regard to alleged commission of any offence by any of its directors and its effect on the business of the company, where all or any of the directors of issuer have or has been charge-sheeted with serious crimes like murder, rape, forgery, economic offences. **Not Applicable**
- m) There has been no change in the promoter/s of the Company in the preceding one year from date of filing application to NSE for listing on Emerge Platform of NSE.
- n) We have a website: [www.Santhalafmcg.com](http://www.Santhalafmcg.com)

As per Regulation 230 (1) of the SEBI ICDR Regulations, our Company has ensured that:

- The Prospectus has been filed with NSE and our Company has made an application to NSE for listing of its Equity Shares on the NSE Emerge platform. NSE is the Designated Stock Exchange.
- Our Company has entered into an agreement with both the depositories for dematerialisation of its Equity Shares already issued and proposed to be issued.
- The entire pre-Issue capital of our Company has shares fully paid-up Equity Shares and the Equity Shares proposed to be issued pursuant to this IPO will be fully paid-up.
- The entire Equity Shares held by the Promoters is in dematerialised form.
- The requirement of firm arrangements of finance through verifiable means towards seventy five per cent of the stated means of finance for funding from the Offer Proceeds, excluding the amount to be raised through the proposed public offer or through existing identifiable internal accruals is not applicable to our Company. For details, please refer the chapter “Objects of the Issue” on page 57.

Our Company confirms that the amount for general corporate purposes, as mentioned in objects of the issue in the offer document does not exceed twenty five per cent. of the amount being raised by our Company.

Further, our Company confirms that it is not ineligible to make the Issue in terms of Regulation 228 of the SEBI ICDR Regulations. The details of our compliance with Regulation 228 of the SEBI ICDR Regulations are as follows:

- (a) Neither our Company nor our Promoters, members of our Promoter Group or our Directors are debarred from accessing the capital markets by the SEBI.

- (b) None of our Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.
- (c) Neither our Company nor our Promoters or Directors is a wilful defaulter.
- (d) Neither our Company nor our Promoters or Directors is a fraudulent borrower.
- (e) None of our Promoters or Directors is a fugitive economic offender.

We further confirm that we shall be complying with all other requirements as laid down for such offer 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.

Further, In accordance with Regulation 268(1) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within four (4) Working 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 four (4) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act 2013. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, FIRST OVERSEAS CAPITAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT 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 THIS OFFER DOCUMENT, THE LEAD MANAGER, FIRST OVERSEAS CAPITAL LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, FIRST OVERSEAS CAPITAL LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED OCTOBER 17, 2023 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS), REGULATIONS, 2018.**

**THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR 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 LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.**

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies in terms of sections 26, 32 and 33 of the Companies Act, 2013, as applicable.

#### **Disclaimer from our Company, our Directors and the Lead Manager**

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website, [www.Shanthalafmcm.com](http://www.Shanthalafmcm.com), or the website of any affiliate of our Company and its Group Companies, would be doing so at his or her own risk.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MOU / Issue Agreement entered into between the Lead Manager and our Company dated July 27, 2023 and the Underwriting Agreement dated July 27, 2023 entered into between the Underwriter and our Company and the Market Making Agreement dated July 27, 2023 entered into among the Lead Manager, the Market Maker and our Company.

All information shall be made available by our Company and the Lead Manager to the Applicants and public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at collection centres or elsewhere.

None among our Company or any member of the Syndicate is liable for any failure in (i) uploading the applications due to faults in any software/ hardware system or otherwise, or (ii) the blocking of the Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Banks on the account of any errors, omissions or non-compliance by various parties involved, or any other fault, malfunctioning, breakdown or otherwise, in the UPI Mechanism.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for our Company, our Group Entities and our respective affiliates and associates 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, or our Group Entities or their respective affiliates or associates for which they have received, and may in future receive compensation.

#### **Disclaimer in Respect of Jurisdiction**

This Offer 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 authorised 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 authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2 (72) of the Companies Act, 2013, scheduled commercial banks, mutual fund registered with SEBI, FII and sub-account (other than a sub-account which is a foreign corporate or foreign individual) registered with SEBI, Alternative Investment Fund, multilateral and bilateral development financial institution, venture capital fund registered with SEBI, foreign venture capital investor registered with SEBI, state industrial development corporation, insurance company registered with Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹2,500 lakhs, pension fund with minimum corpus of ₹2,500 lakhs, National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India, insurance funds set up and managed by army, navy or air force of the Union of India and Insurance funds set up and managed by the Department of Posts, India, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company this 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 Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Maharashtra, India 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 Prospectus has been filed with NSE for its observations and NSE shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this 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 and legislations in each jurisdiction,

including India.

### **Disclaimer Clause of the Emerge Platform of NSE Limited**

As required, a copy of the Prospectus has been submitted to the Emerge Platform of NSE.

" National Stock Exchange of India Limited ("NSE") has vide its letter dated October 11, 2023 given permission to our Company to use its name in the Offer Document as the Stock Exchange on whose Small and Medium Enterprises Platform ("SME platform") the Company's securities are proposed to be listed. NSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. NSE does not in any manner:

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company's securities will be listed on completion of Initial Public Offering or will continue to be listed on NSE; or
- iii. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;
- iv. warrant, certify or endorse the validity, correctness or reasonableness of the price at which the equity shares are offered by the Company and investors are informed to take the decision to invest in the equity shares of the Company only after making their own independent enquiries, investigation and analysis. The price at which the equity shares are offered by the Company is determined by the Company in consultation with the Merchant Banker (s) to the issue and the Exchange has no role to play in the same and it should not for any reason be deemed or construed that the contents of this offer document have been cleared or approved by NSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.
- v. NSE does not in any manner be liable for any direct, indirect, consequential or other losses or damages including loss of profits incurred by any investor or any third party that may arise from any reliance on this offer document or for the reliability, accuracy, completeness, truthfulness or timeliness thereof.
- vi. The Company has chosen the SME platform on its own initiative and at its own risk, and is responsible for complying with all local laws, rules, regulations, and other statutory or regulatory requirements stipulated by NSE/other regulatory authority. Any use of the SME platform and the related services are subject to Indian laws and Courts exclusively situated in Mumbai".

### **Track records of past issues handled by First Overseas Capital Limited**

For details regarding the track record of the First Overseas Capital Limited, as specified under Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer to the website of First Overseas Capital Limited at [www.focl.in](http://www.focl.in)

### **Listing**

The Equity Shares of our Company are proposed to be listed on Emerge Platform of NSE. Our Company has obtained in-principle approval from NSE by way of its letter dated October 11, 2023 for listing of equity shares on Emerge Platform of NSE.

NSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the 40 to deal in and for an official quotation of the Equity Shares on the Emerge Platform is not granted by NSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within the prescribed time then our Company becomes liable to repay it, then our Company and every officer in default shall, shall be liable to repay such application money, with interest, as prescribed under the applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Emerge Platform of NSE mentioned above are taken within Six (6) Working Days of the Offer Closing Date. , confirms that it shall extend reasonable support and co-operation (to the extent of its portion of the Offered Shares) as required by law for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Offer Closing Date, or within such other period as may be prescribed. If Equity Shares are not Allotted pursuant to the Offer within Six (6) Working Days from the Offer Closing Date or within such timeline as prescribed by the SEBI, our Company shall repay with 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 Subject to applicable law.

### **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 other person in a fictitious name, shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013, includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

### **Consents**

Consents in writing of (a) Our Directors, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Banker to the Company; (b) Lead Manager, Registrar to the Issue, Banker to the Issue/ Sponsor Bank, Legal Advisor to the Issue, Underwriter to the Issue and Market Maker to the Issue to act in their respective capacities have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Sections 26 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

Our Company has received written consent from the Statutory Auditor namely, M/s. Kale Malde & Co., Chartered Accountants to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Prospectus and as “expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the report of the Peer Reviewed Auditor on the Restated Financial Statements, dated October 16, 2023 and the statement of tax benefits dated July 27, 2023 and such consent has not been withdrawn as on the date of this Prospectus.

### **Expert Opinion**

Except for the reports in the section “Financial Information of the Company” on Restated Financial Information and “Statement of Tax Benefits” on page 114 and page 67, from the Statutory Auditors, our Company has not obtained any expert opinions.

### **Previous Rights and Public Issues during the Last Five Years**

We have not made any previous rights and/or public issues during the last five years, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

### **Commission and Brokerage Paid on Previous Issues of our Equity Shares**

Since this is the Initial Public Offer of the 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 the Equity Shares since inception of the Company.

**Previous capital issue during the last three years by listed Group Companies and Subsidiary of our Company**

None of the Group Companies of our Company are listed. Further, none of our Group Companies have made any public or rights issue of securities in the preceding three years.

**Performance vis-à-vis objects**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

None of the Group Entities has made public issue of equity shares during the period of ten years immediately preceding the date of filing draft offer document with the National Stock Exchange of India Limited.

**Details of Fees Payable**

**Fees Payable to the Lead Manager**

The total fees payable to the Lead Manager (including underwriting fees) will be as per the Memorandum of Understanding and Underwriting Agreement among our Company and the Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

**Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated July 27, 2023 a copy of which is available for inspection at our Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/ speed post/ under certificate of posting.

**Fees Payable to Others**

The total fees payable to the Legal Advisor, Statutory Auditor and Advertisers, etc. will be as per the terms of their respective engagement letters, if any.

**Statement on Price Information of Past Issues handled by First Overseas Capital Limited:-****Disclosure of Price Information of Past Issues Handled By Merchant Banker(s)****TABLE 1**

| Sr. No.           | Issue Name                          | Issue Size (Rs. Cr.) | Issue Price (Rs.) | Listing Date | Opening Price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|-------------------|-------------------------------------|----------------------|-------------------|--------------|-------------------------------|---|---|--|
| <b>SME BOARD</b>  |                                     |                      |                   |              |                               |   |   |  |
| 1)                | QMS Medical Allied Services Limited | 56.87                | 121.00            | 11-10-2022   | 128.00                        | +51.86(6.07)  | +47.99(+6.30)   | +4.24(4.72)  |
| 2)                | SVS Ventures Limited                | 11.24                | 20.00             | 12-01-2023   | 20.50                         | -43.17(0.79)  | -64.88(0.73)  | -59.46(+9.44)  |
| 3)                | Ducol Organics And Colours Limited  | 31.51                | 78.00             | 19-01-2023   | 111.95                        | -9.57(-0.27)  | +10.72(-2.12)   | +54.89(+9.75)  |
| 4)                | SVJ Enterprises Limited             | 6.12                 | 36.00             | 09-03-2023   | 38.00                         | -18.31(0.07)  | +19.58(+5.58)   | +148.59(+9.99)   |
| 5)                | Amanaya Ventures Limited            | 2.76                 | 23.00             | 09-03-2023   | 20.10                         | -30.31(0.07)  | -23.66 (+5.58)  | -3.33 (+9.99)  |
| 6)                | Nirman Agri Genetics Limited        | 20.30                | 99.00             | 28-03-2023   | 102.00                        | -24.20(+5.27)   | +24.99 (+9.30)  | +87.85(+14.60)   |
| 7)                | Kore Digital Limited                | 18.00                | 180.00            | 14-06-2023   | 201.00                        | -58.10(+4.48)   | +48.26(+6.31)   | N.A.   |
| 8)                | Cell Point (India) Limited          | 50.34                | 100.00            | 28-06-2023   | 100.00                        | -52.21(+3.51)   | -46.74(+3.18)   | N.A.   |
| 9)                | Synoptics Technologies Limited      | 54.04                | 237.00            | 13-07-2023   | 238.00                        | -45.05(-0.24)   | N.A.  | N.A.   |
| <b>MAIN BOARD</b> |                                     |                      |                   |              |                               |   |   |  |
| 10)               | Pyramid Technoplast Limited         | 1530.52              | 166               | 29-08-2023   | 187.00                        | +2.98(+0.66)  | N.A.  | N.A.   |

**Note:-**

1. The BSE Sensex and Nifty are considered as the Benchmark Index

2. Prices on BSE/NSE are considered for all of the above calculations
3. In case the 30th/90th/180th day is a holiday, closing price on BSE/NSE of the nearest trading day has been considered.
4. In case 30th/90th/180th days, scrips are not traded then closing price on BSE/NSE of the nearest trading day has been considered.

**TABLE 2: SUMMARY STATEMENT OF DISCLOSURE**

| Financial Year | Total no. Of IPOs | Total amount of funds raised (Rs. Cr.) | No. of IPOs trading at discount-30 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at premium-30 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at discount-180 <sup>th</sup> calendar days from listing |                |               | No. of IPOs trading at premium-180 <sup>th</sup> calendar days from listing |                |               |
|----------------|-------------------|--|---|----------------|---------------|--|----------------|---------------|--|----------------|---------------|---|----------------|---------------|
|                |                   |  | Over 50%  | Between 25-50% | Less than 25% | Over 50%   | Between 25-50% | Less than 25% | Over 50%   | Between 25-50% | Less than 25% | Over 50%  | Between 25-50% | Less than 25% |
| SME BOARD      |                   |  |   |                |               |  |                |               |  |                |               |   |                |               |
| 2023-24*       | 3                 | 122.38                                 | 2   | 1              | -             | -  | -              | -             | -  | -              | -             | -   | -              | -             |
| 2022-23        | 10                | 193.93                                 | -   | 4              | 3             | 3  | -              | -             | 2  | 1              | -             | 3   | -              | 1             |
| 2021-22        | 4                 | 96.13                                  | 1   | 1              | -             | 2  | -              | -             | 2  | -              | -             | 1   | 1              | -             |
| MAIN BOARD     |                   |  |   |                |               |  |                |               |  |                |               |   |                |               |
| 2023-24*       | 1                 | 1530.52                                | -   | -              | 1             | -  | -              | -             | -  | -              | -             | -   | -              | -             |

\* Upto date of this Prospectus



### **Outstanding Debentures or Bond Issues or Redeemable Preference Shares**

As on the date of this Prospectus, our Company has no outstanding debentures, bonds, or redeemable preference shares.

### **Partly Paid-Up Shares**

As on the date of this Prospectus, there are no partly paid-up Equity Shares of our Company.

### **Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Prospectus.

### **Option to Subscribe**

- a. Investors will get the allotment of specified securities in dematerialization form only.
- b. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.

### **Stock Market Data for our Equity Shares**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Offer 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.

### **Investor Grievances and Redressal System**

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the present Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

Further, the Applicants shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Banks for addressing any clarifications or grievances of ASBA Applicants. Our Company, the Lead Manager and the Registrar to the Issue accept no responsibility for errors, omissions, commission, or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

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. For more details, investors are requested to visit the website [www.scores.gov.in](http://www.scores.gov.in). Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

The Board has constituted a Stakeholders Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, please refer to the “*Our Management*” on page 96.

Our Company has appointed CS Snehal Ravindra Bhagwat as the Company Secretary and Compliance Officer and he may

be contacted at the following address:

**Snehal Ravindra Bhagwat**

7th Block, Gandhinagr Bye Pass Road,  
Virajpet, Kodagu - 571218,  
Karnataka, India  
Tel: +91 82742 98999  
Fax: Not Available  
E-mail: ipo@Shanthalafmcg.com  
Website: www.Shanthalafmcg.com

Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, *etc.*

As on the date of this Prospectus, there are no pending investor complaints. Our Company has not received any investor complaint in the three years prior to the filing of this Prospectus.

Our Company, Lead Manager and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Our Group Companies and our Subsidiaries are not listed on any stock exchange.

**Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of nonroutine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

## SECTION VIII – ISSUE RELATED INFORMATION

### TERMS OF THE OFFER

*All Applicants should review the General Information Document for Investing in Public Offer prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (“General Information Document”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013 (to the extent notified), the Companies Act, 1956 (to the extent not repealed by the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations as amended. The General Information Document has been updated to reflect amendments to the SEBI ICDR Regulations and to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations 2015 and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the website of the Stock Exchange and the Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Offer.*

*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 Offer 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 offer 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.*

*Further vide the said circular Registrar to the Issue and Depository Participants have been also authorized to collect the application forms. Investor may visit the official website of the concerned for any information on operationalization of this facility of form collection by the Registrar to the Issue and Depository Participants as and when the same is made available.*

#### The Offer

The Offer comprises a Fresh Issue by our Company.

#### Ranking of Equity Shares

The Equity Shares being issued in the Issue shall be subject to the provisions of the Companies Act and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. The Allottees in receipt of Allotment of Equity Shares under this Offer will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please refer “*Main Provisions of Articles of Association*” on page 196.

#### Authority for the Issue

This Offer has been authorized by a resolution of the Board passed at their meeting held on July 14, 2023 subject to the approval of shareholders through a special resolution to be passed pursuant to section 62 (1) (c) of the Companies Act, 2013. The shareholders have authorized the Issue by a special resolution in accordance with Section 62 (1) (c) of the Companies Act, 2013 passed at the AGM of the Company held on July 18, 2023.

#### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, 1956 and Companies Act, 2013, Article of Association, the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 any other rules, regulations or guidelines as may be issued by Government of India in connection to recommendation by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, in cash as per the provisions of the Companies Act and our Articles of Association.

#### Face Value and Offer Price per Share

The face value of the Equity Shares is ₹10.00 each and the Offer Price is ₹ 91.00 per Equity Share.

The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under “Basis for Offer Price” on page 63. At any given point of time there shall be only one denomination for the Equity Shares.

### **Compliance with SEBI (ICDR) Regulations**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of the 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 attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer 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 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, the terms of the listing agreements with the Stock Exchange(s) and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer “Main Provisions of Articles of Association” on page 196.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Mumbai, India.

**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.**

**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 Prospectus. Applicants 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.**

### **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 – tenants with benefits of survivorship.

### **Allotment only in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories, and the Registrar to the Offer:

- Agreement dated June 19, 2023 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated June 20, 2023 amongst CDSL, our Company and the Registrar to the Offer.

### **Market Lot and Trading Lot**

The trading of the Equity Shares will happen in the minimum contract size of 1,200 Equity Shares and the same may be modified by the Emerge Platform of NSE from time to time by giving prior notice to investors at large.

## Nomination Facility to Investor

In accordance with Section 72 of the Companies Act, 2013 the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the Applicants, 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 in accordance with Section 72 of the Companies Act, 2013 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 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 our Registered Office or to the registrar and transfer agents of our Company.

In accordance with Section 72 of the Companies Act, 2013 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:

- to register himself or herself as the holder of the Equity Shares; or
- 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.

## Minimum Number of Allottees

Further in accordance with the Regulation 268 of SEBI (ICDR) Regulations, the minimum number of allottees in this Offer shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer and the monies blocked by the SCSBs and sponsor bank, shall be unblocked within 4 working days of closure of Offer.

## Period of the Subscription list of the Public Issue

| Event   | Indicative Date             |
|---|-----------------------------|
| Offer Opening Date  | Friday October 27, 2023     |
| Offer Closing Date  | Tuesday October 31, 2023    |
| Finalization of Basis of Allotment with the Designated Stock Exchange | Friday November 03, 2023    |
| Initiation of Refunds   | Monday November 06, 2023    |
| Credit of Equity Shares to Demat Accounts of Allottees                | Tuesday November 07, 2023   |
| Commencement of trading of the Equity Shares on the Stock Exchange    | Wednesday November 08, 2023 |

The above timetable is indicative and does not constitute any obligation on our Company, and the Lead Manager. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 6 Working Days of the Issue Closing Date, the timetable may change due to various factors, such as extension of the Issue 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.

## 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 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 the issuer does not receive the subscription of hundred per cent (100%) of the Issue through Prospectus on the date of closure of the issue including devolvement of underwriters, if any, or if the subscription level falls below hundred per cent (100%) after the closure of issue on account of withdrawal of applications, or after technical rejections, or if the listing or trading permission is not obtained from the stock exchange for the securities so Issued under the Prospectus, the issuer shall forthwith refund the entire subscription amount received failing to which the entire application monies shall be refunded forthwith, in accordance with the SEBI ICDR Regulations and other applicable laws. If there is a delay beyond four days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest at the rate of fifteen per cent per annum.

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 Rs.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 offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance without the applicable laws of such jurisdiction.

In terms of Regulation 260 of the SEBI ICDR Regulations, 2018, the Issue is 100% underwritten. For details of underwriting arrangement, kindly refer the chapter titled “*General Information – Underwriting*” on page 40.

## Arrangements for Disposal of Odd Lots

The trading of the equity shares will happen in the minimum contract size of 1,200 Equity Shares. However, 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 the Emerge Platform of NSE.

## Option to receive Equity Shares in Dematerialized Form

Pursuant to Section 29 of the Companies Act, the Equity Shares in the Issue shall be allotted only in dematerialised form. Further, as per the SEBI (ICDR) Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchange.

## Migration to Main Board

In accordance with the NSE Circular dated April 20, 2023, our Company will have to be mandatorily listed and traded on the EMERGE Platform of the NSE for a minimum period of 3 (Three) years from the date of listing and only after that it can migrate to the Main Board of NSE as per the conditions prescribed in the said NSE circular and guidelines specified by SEBI and as per the procedures laid down under Chapter IX of the SEBI (ICDR) Regulations. Our Company may migrate to the main board of NSE from the EMERGE Platform on a later date subject to the following:

- a) If the Paid up Capital of the company is likely to increase above ₹25 crores by virtue of any further issue of capital by way of rights, 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 Promoters 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), we shall have to apply to NSE for listing our 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 the company is more than ₹10 crores but below ₹25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoters 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 and transferred through this Offer are proposed to be listed on the NSE Emerge with compulsory market making through the registered Market Maker of the SME 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 the Emerge Platform of NSE Limited. For further details of the market making arrangement please refer to chapter titled “General Information” beginning on page 38 of this Prospectus.

### **As per the extent Guideline of the Government of India, OCBs cannot participate in this Offer.**

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**

The Issuer Company is not issuing any new financial instruments through this Offer.

### **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, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Issue capital of our Company, Promoters’ minimum contribution as provided in “*Capital Structure*” on page 45, and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, please refer “*Main Provisions of Articles of Association*” on page 196.

## ISSUE STRUCTURE

This Offer is being made in terms of Regulation 229(1) of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, an issuer whose post issue face value capital does not exceed more than ten crores rupees, 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 Emerge Platform of NSE Limited). For further details regarding the salient features and terms of such an issue please refer "*Terms of the Issue*" and "*Issue Procedure*" on page 167 and 172, respectively.

### Following is the Issue structure:

INITIAL PUBLIC OFFERING OF UP TO 17,66,400 EQUITY SHARES OF ₹10 EACH ("EQUITY SHARES") OF SHANTHALA FMCG PRODUCTS LIMITED ("SHANTHALA" OR THE "COMPANY") FOR CASH AT A PRICE OF ₹ 91 PER EQUITY SHARE (THE "OFFER PRICE"), AGGREGATING TO ₹ 1,607.42 LAKHS ("THE OFFER"). OF THE OFFER, 88,800 EQUITY SHARES AGGREGATING TO ₹80.81 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE OFFER LESS THE MARKET MAKER RESERVATION PORTION I.E. OFFER OF 16,77,600 EQUITY SHARES OF FACE VALUE OF ₹ 10.00 EACH AT AN OFFER PRICE OF ₹ 91.00 PER EQUITY SHARE AGGREGATING TO ₹1,526.62 LAKHS IS HEREINAFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE 26.36% AND 25.03%, RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

| Particulars  | Net Issue to Public <sup>^</sup>  | Market Maker reservation portion                     |
|--|---|--|
| Number of Equity Shares  | 16,77,600 Equity Shares   | 88,800 Equity Shares                                 |
| Percentage of Issue Size available for allocation                      | 94.98% of the Issue Size<br><br>(50% for the Retail Individual Investors and the balance 50% for Other than Retail Individual Investors).   | 5.02% of the Issue Size                              |
| Basis of Allotment/Allocation if respective category is oversubscribed | Proportionate subject to minimum allotment of 1,200 Equity Shares and Further allotment in multiples of 1,200 Equity Shares each.<br><br>For further details please refer to the section titled " <i>Issue Procedure</i> " on page 175.   | Firm Allotment                                       |
| Mode of Application*   | All the applicants shall make the application (Online or Physical) through the ASBA Process only (including UPI mechanism for UPI Applicants using Syndicate ASBA).   |  |
| Minimum Application Size   | <b><u>For QIB and NII:</u></b><br>Such number of Equity Shares in multiples of 1,200 Equity Shares at an Issue price of ₹ 91 each such that the Application Value exceeds ₹2,00,000<br><br><b><u>For Retail Individuals:</u></b><br>1,200 Equity Shares at an Issue price of ₹ 91 each. | 88,800 Equity Shares at an Issue price of ₹ 91 each. |
| Maximum Application  | <b><u>For QIB and NII:</u></b><br>The maximum application size is the Net Issue to public i.e. 16,77,600 Equity Shares, subject to limits the investor has to adhere under the relevant laws and regulations as applicable.   | 88,800 Equity Shares at an Issue price of ₹ 91 each. |



| Particulars              | Net Issue to Public^   | Market Maker reservation portion  |
|--------------------------|--|---|
|                          | <b><u>For Retail Individuals:</u></b><br>1,200 Equity Shares at an Issue price of ₹ 91 each.     |   |
| <b>Mode of Allotment</b> | Dematerialized Form  | Dematerialized Form   |
| <b>Trading Lot</b>       | 1,200 Equity Shares  | 1,200 Equity Shares. However, the Market Makers may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations. |
| <b>Terms of payment</b>  | The entire Application Amount will be payable at the time of submission of the Application Form. |   |

*This Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. For further details please refer 'Terms of the Issue' on page 167.*

\*As per Regulation 253(2) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price offer the allocation in the net offer to the public category shall be made as follows:

- d) Minimum fifty percent to retail individual investors; and
- e) Remaining to:
  - i. Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- f) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

*If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.*

*\* In case of joint Application, the Application Form should contain only the name of the first Applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders.*

### **Withdrawal of the Issue**

The Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time before the Offer Opening Date, without assigning any reason thereof. Notwithstanding the foregoing, the Issue is also subject to obtaining the following:

1. The final listing and trading approvals of NSE for listing of Equity Shares offered through this Offer on its SME Platform, which the Company shall apply for after Allotment and,
2. The final ROC approval of the Prospectus after it is filed with the ROC.

In case, the Company wishes to withdraw the Issue after Offer 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 newspaper.

The 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 offer document with the stock exchange where the Equity Shares may be proposed to be listed.

**Issue Programme**

|                           |                          |
|---------------------------|--------------------------|
| <b>Offer Opening Date</b> | Friday October 27, 2023  |
| <b>Issue Closing Date</b> | Tuesday October 31, 2023 |

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).

Standardization of cut-off time for uploading of Applications on the Issue Closing Date:

- a) A standard cut-off time of 3.00 p.m. for acceptance of Applications.
- b) A standard cut-off time of 4.00 p.m. for uploading of Applications received from other than Retail Individual Applicants.
- c) A standard cut-off time of 5.00 p.m. for uploading of Applications received from only Retail Individual Applicants, which may be extended up to such time as deemed fit by NSE after taking into account the total number of Applications received up to the closure of timings and reported by Lead Manager to NSE within half an hour of such closure.

It is clarified that Applications not uploaded, would be rejected. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Application Form, for a particular Applicant, the details as per physical application form of that Applicant may be taken as the final data for the purpose of Allotment.

Applications will be accepted only on Working days i.e. all days excluding Saturdays, Sundays, and public holidays, on which the commercial banks in the city as notified in the offer document are open for business.

## ISSUE PROCEDURE

*All Applicants should review the General Information Document for Investing in Public Issues which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act 2013 (to the extent notified), the Companies Act, 1956 (to the extent not repealed by the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations as amended. The General Information Document is available on the websites of the Stock Exchanges and the Lead Manager. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

*Additionally, all Applicants may refer to the General Information Document for information in relation to (i) Category of investor eligible to participate in the Issue; (ii) maximum and minimum Application size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Applicants; (v) Issuance of CAN and Allotment in the Issue; (vi) General instructions (limited to instructions for completing the Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of 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 (xiv) interest in case of delay in Allotment or refund.*

*Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Draft Prospectus/Prospectus before investing in the Issue.*

*Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their applications are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Prospectus.*

*Further, our Company and the Lead Manager do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI mechanism for application in this Offer.*

*The lists of Banks that have been notified by SEBI as Issuer Banks for UPI are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>. The list of Stockbroker, Depository Participants (DP), Registrar to an Issue and Share Transfer Agent (RTA) that has been notified by National Stock Exchange of India Limited to act as intermediaries for submitting Application Forms are provided on <https://www.nseindia.com>.*

SEBI through its circular no. (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 and circular no. (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, has introduced an alternate payment mechanism using Unified Payments Interface (—UPI) and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIIs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. (—UPI Phase II). The UPI Phase I was effective till June 30, 2019.

With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Applications by RIIs through Designated Intermediaries (other than SCSBs), issued by SEBI, 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 Bids 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**”). Subsequently however, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for implementation of UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. The final reduced timeline of T+3 days for the UPI Mechanism for applications by RIIs (“**UPI Phase III**”) and modalities of the implementation of UPI Phase III maybe notified and made effective subsequently, as may be prescribed

by SEBI. The Issue will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021 and the provisions of this circular are deemed to form part of this Prospectus. Furthermore, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all UPI applicants in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹5.00 lakhs shall use the UPI Mechanism.

*Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document, and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their applications are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Prospectus.*

*Further, our Company and the Lead Manager are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Issue.*

### **Phased implementation of Unified Payments Interface**

SEBI has issued a **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 and will continue till June 30, 2019. Under this phase, a Retail Individual Applicant would also have the option to submit the 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 would continue to be six Working Days.

**Phase II:** This phase commenced on completion of Phase I i.e. with effect from July 1, 2019 and was to be continued for a period of three months or launch of five main board public issues, whichever is later. Further, as per the SEBI circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, the UPI Phase II has been extended until March 31, 2020. Further still, 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 be continued till further notice. Under this phase, submission of the Application Form by a Retail Individual Applicant through intermediaries to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. However, the time duration from public issue closure to listing would continue 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 would be reduced to be three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Issue.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. The Issuers are to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Applicants into the UPI mechanism.

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹ 500,000, shall use UPI. Individual investors bidding under the Non-Institutional Portion bidding for more than ₹ 200,000 and up to ₹ 500,000, using the UPI Mechanism, shall provide their UPI ID in the Bid-cum-Application Form for Bidding through Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Lead Manager.

### **FIXED PRICE ISSUE PROCEDURE**

The Issue is being made in compliance with the provisions of Chapter IX of the SEBI (ICDR) Regulations, 2018 and through the Fixed Price Process. As per Regulation 253(2) of the SEBI (ICDR) Regulations, as amended, as present issue is a fixed price issue the allocation in the net offer to the public category shall be made as follows:

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

If the retail individual investor category is entitled to more than fifty per cent on proportionate basis, accordingly the retail individual investors shall be allocated that higher percentage.

Applicants are required to submit their Applications to the Application collecting intermediaries i.e. SCSB or Registered Brokers of Stock Exchanges or Registered Registrar to the Issue and Share Transfer Agents (RTAs) or Depository Participants (DPs) registered with SEBI. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing.

Subject to the valid Applications 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 the Retail Portion where Allotment to each Retail Individual Applicants shall not be less than the minimum 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 spillover from any other category or a combination of categories at the discretion of our Company in consultation with the Lead Manager and the Stock Exchange.

**Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN, UPI ID (in case of RIBs using the UPI mechanism) and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the stock exchange, do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchange.**

### **APPLICATION FORM**

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Offer Opening Date.

ASBA Applicants shall ensure that the Applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Application Forms) and the Application Forms not bearing such specified stamp are liable to be rejected. Retail Individual Investors using UPI mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants. ASBA Applicants are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Application Amount which can be blocked by the SCSB.

| Category   | Colour <sup>(1)</sup> |
|--|-----------------------|
| Indian Public / eligible NRI's applying on a non-repatriation basis (ASBA)                                 | White                 |
| Non-Residents including eligible NRI's, FPI's, FII's, FVCI's, etc. applying on a repatriation basis (ASBA) | Blue                  |

(1) Excluding electronic Application Form.

RIIs and other Individual investors using UPI mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants. ASBA Applicants are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Application Amount which can be blocked by the SCSB.

Further, for applications submitted to designated intermediaries (other than SCSBs), with use of UPI for payment, after accepting the application form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange(s).

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Prospectus. An Investor, intending to subscribe to this Offer, shall submit a completed 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 the Stock Exchange as eligible for this activity)   |
| 5.      | A 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 and other Individual Inventors 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 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 proof of having accepted the application form, in physical form or electronic mode respectively.

The upload of the details in the electronic bidding system of the stock exchange will be done by:

|   |   |
|---|---|
| <b>For the applications submitted by the 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 exchange and may begin blocking funds available in the Bank account specified in the form, to the extent of the application money specified.  |
| For applications submitted by investors to intermediaries other than SCSBs without use of UPI for payment | After accepting the application form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of the Issue.  |
| For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment    | <p>After accepting the application form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange(s).</p> <p>Stock Exchange shall share application 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.</p> <p>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.</p> |

Stock exchange(s) shall validate the electronic 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 re-submission within the time specified by stock exchange.

Stock exchange(s) shall allow modification of selected fields viz. DP ID/Client ID, Bank code and Location code, in the application details already uploaded.

For ASBA Applicants using UPI mechanism, the Stock Exchange shall share the application details (including UPI ID) with Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to ASBA applicants for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate ASBA applicants (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the Bankers to the Issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the Bankers to the Issue. The Lead Manager shall also be required to obtain the audit trail from the Sponsor Banks and the Bankers to the Issue for analysing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts for mandate block and unblock including details specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

### **Who Can Apply?**

1. Indian nationals' resident in India, who are not minors (except through their Legal Guardians), in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: —Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in equity shares;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Offer;
6. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, cooperative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
7. FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;
8. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional Applications portion;
9. Venture Capital Funds registered with SEBI;
10. Foreign Venture Capital Investors registered with SEBI;
11. Eligible Qualified Foreign Investors;
12. Foreign Nationals and other non-residents (subject to eligibility norms specified in SEBI FPI Regulations, 2014 and other applicable provisions);
13. Multilateral and bilateral development financial institutions;

14. State Industrial Development Corporations;
15. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;
16. Scientific and/or industrial research organizations authorized in India to invest in equity shares;
17. Insurance companies registered with Insurance Regulatory and Development Authority;
18. Provident Funds with a minimum corpus of ₹250 million and who are authorised under their constitution to hold and invest in equity shares;
19. Pension Funds with a minimum corpus of ₹250 million and who are authorised under their constitution to hold and invest in equity shares;
20. Limited liability partnerships;
21. National Investment Fund set up by resolution no. F.NO.2/3/2005-DDII dated November 23, 2005 of the Government of India, published in the Gazette of India;
22. Nominated Investor and Market Maker;
23. 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;
24. Any other person eligible to Apply in this Offer, under the laws, rules, regulations, guidelines, and policies applicable to them and under Indian laws.
25. As per the existing policy of the Government of India, OCBs cannot participate in this Offer. Applicants 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.
26. Applications not to be made by:
  1. Minors (except through their Guardians)
  2. Partnership firms or their nominations
  3. Overseas Corporate Bodies

**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.**

#### **Maximum and Minimum Application Size**

##### **a) For Retail Individual Applicants:**

The Application must be for a minimum of 1,200 Equity Shares and in multiples of 1,200 Equity Shares thereafter, so as to ensure that the Application Amount payable by the Applicant does not exceed ₹2,00,000. In case of revision of the Application, the Retail Individual Applicants have to ensure that the Application Amount does not exceed ₹2,00,000.

##### **b) For Other Applicants [Non-Institutional Applicants and Qualified Institutional Buyer(s) (QIB)]:**

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹2,00,000 and in multiples of 1,200 Equity Shares thereafter. Application cannot be submitted for more than the Issue Size. However, the maximum application size by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Application at any stage and are required to pay the entire Application Amount upon submission of the Application.** Under the existing SEBI regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.



The identity of QIBs applying in the Net Issue shall not be made public during the Issue Period. In case of revision in Application, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

The above Information is given for the benefits of the Applicants. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section. Applicants are advised to make their independent investigations and ensure that their Applications 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 Prospectus.

#### **Participation by associates and affiliates of the Lead Manager and the Syndicate Members**

The Lead Manager shall not be allowed to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager may subscribe to Equity Shares in the Issue in non Retail Portion, where the allocation is on a proportionate basis and such subscription may be on their own account or on the behalf of their clients.

#### **Option to subscribe in the Issue**

- a) As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares shall be dematerialized form only. Investors will not have the option of getting of specified securities in physical form. However, they may get the specified securities re-materialized subsequent to allotment.
- b) The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- c) A single application from any investor shall not exceed the investment limit/minimum number of Equity Shares that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable laws.

#### **Applications by Mutual Funds**

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to reject the Application without assigning any reason thereof.

Applications made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate 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 Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

#### **Applications by Eligible NRIs**

Eligible NRIs may obtain copies of Application Form from the Designated Intermediaries. Eligible NRI Applicants applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (NRE) accounts, or Foreign Currency Non-Resident (FCNR) Accounts, and eligible NRI Applicants 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 application amount, at the time of the submission of the Application Form.

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents (white in colour). Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

**Application by FPIs (including FIIs)**

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered 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 sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations participate in the Issue until the expiry of its registration with SEBI as an FII or sub-account, or if it has obtained a certificate of registration as an FPI, whichever is earlier. Accordingly, such FIIs can, subject to the payment of conversion fees under the SEBI FPI Regulations, participate in this Offer in accordance with Schedule 2 of the FEMA Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the purchase of Equity Shares and total holding by a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 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 up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

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 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. Further, pursuant to a Circular dated November 24, 2014 issued by the SEBI, FPIs are permitted to issue offshore derivative instruments only to subscribers that (i) meet the eligibility criteria set forth in Regulation 4 of the SEBI FPI Regulations; and (ii) do not have opaque structures, as defined under the SEBI FPI Regulations. 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. Further, where an investor has investments as FPI and also holds positions as an overseas direct investment subscriber, investment restrictions under the SEBI FPI Regulations shall apply on the aggregate of FPI investments and overseas direct investment positions held in the underlying Indian company.

**Applications by SEBI registered Venture Capital Funds, Alternative Investment Fund (AIF) and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended, (the “**SEBI VCF Regulations**”) and the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended, among other things prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 (the “**SEBI AIF Regulations**”) prescribe, amongst others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one 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 by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation 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 the SEBI AIF Regulations.

All FIIs and FVCIs 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 Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.**

#### **Applications by Limited Liability Partnerships**

In case of Applications 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 Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited Liability Partnerships can participate in the Issue only through the ASBA Process.

#### **Applications by Insurance Companies**

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (“**IRDA Investment Regulations**”), as amended, as amended, are broadly set forth below:

- 1) Equity shares of a company: the least of 10.00% of the investee company’s subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;
- 2) 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
- 3) The industry sector in which the investee company belongs 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 (a), (b) and (c) above, as the case may be. Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

#### **Applications under Power of Attorney**

In case of applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Mutual Funds, insurance companies and provident funds with minimum corpus of ₹25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹25 Crores a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason, therefore.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a). With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.
- (b). With respect to applications 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 with the Application Form as applicable. Failing this, our Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

- (c). With respect to applications made by provident funds with minimum corpus of ₹25 Crores (subject to applicable law) and pension funds with a minimum corpus of ₹25 Crores, 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 Application Form. Failing this, our Company reserves the right to accept or reject such application, in whole or in part, in either case without assigning any reasons thereof.

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 Application Form, subject to such terms and conditions that our Company, the lead manager may deem fit.

*Our 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 and mailing of the Allotment Advice / CANs / letters notifying the unblocking of the bank accounts of ASBA applicants, the Demographic Details given on the 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 Application Form instead of those obtained from the Depositories.*

*The above information is given for the benefit of the Applicants. The 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 the Prospectus. Applicants 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.*

#### **Applications by Provident Funds / Pension Funds**

In case of Applications made by provident funds with minimum corpus of ₹25 crores (subject to applicable law) and pension funds with minimum corpus of ₹ 25 crores, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

#### **Applications by Banking companies**

In case of Applications made by banking companies registered with RBI, certified copies of:

- (i) The certificate of registration issued by RBI, and
- (ii) The approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason, therefore.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (the “**Banking Regulation Act**”), and Master Circular – Para-banking Activities dated July 1, 2015 is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. 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.

#### **Applications by Self Certified Syndicate Banks (SCSBs)**

SCSBs participating in the Issue are required to comply with the terms of the 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 application in public issues and clear demarcated funds should be available in such account for ASBA applications.

### **Information for the Applicants**

1. Our Company and the Lead Manager shall declare the Offer Opening Date and Issue Closing Date in the 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 Prospectus with the RoC at least 3 (three) days before the Offer Opening Date.
3. Copies of the Application Form along with Abridged Prospectus and copies of the Prospectus will be available with the Lead Manager, the Registrar to the Issue, and at the Registered Office of our Company. Electronic Application Forms will also be available on the websites of the Stock Exchange.
4. Any applicant who would like to obtain the Prospectus and/ or the Application Form can obtain the same from our Registered Office.
5. Applicants who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
6. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Application Form submitted by Applicants whose beneficiary account is inactive shall be rejected. The 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 or alternatively, the Retail Individual Applicants wishing to apply through UPI Channel, may provide the UPI ID and validate the blocking of the funds and the Application Forms that do not contain such details are liable to be rejected.
7. Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of SCSB, where the ASBA Account is maintained. Applications submitted directly to the SCSBs or other Designated Intermediaries (Other than SCSBs), the relevant SCSB, shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form, before entering the ASBA application into the electronic system.
8. Except for applications by or on behalf of the Central or State Government and the Officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participating transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Applicants.
9. The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange. Designated Intermediaries do not match with PAN, the DP ID, and Client ID available in the Depository database, the Application Form is liable to be rejected.

### **ISSUE PROCEDURE FOR APPLICATION SUPPORTED BY BLOCKED ACCOUNT (ASBA) APPLICANTS**

In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants have to compulsorily apply through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

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 <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on designated branches of SCSB collecting the Application Form, please refer the above-mentioned SEBI link.

### Method and Process of Applications

1. Applicants are required to submit their applications during the Issue Period only through the Designated Intermediaries.
2. The Issue Period shall be for a minimum of three (3) Working Days and shall not exceed ten (10) Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding ten (10) Working Days.
3. During the Issue Period, Applicants who are interested in subscribing to the Equity Shares should approach the Designated Intermediaries to register their applications.
4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to the Designated Intermediaries. Submission of a second Application form to either the same or to another Designated Intermediaries will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system or at any point prior to the allocation or Allotment of Equity Shares in this Offer.
5. 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 application form, in physical or electronic mode, respectively. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

|   |  |
|---|--|
| For the applications submitted by the investors to SCSB   | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the Bank account specified in the form, to the extent of the application money specified.   |
| For applications submitted by investors to intermediaries other than SCSBs without use of UPI for payment | After accepting the application form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of the Issue. |

6. Upon receipt of the Application Form, submitted whether in physical or electronic mode, the Designated Intermediaries shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, prior to uploading such applications with the Stock Exchange.
7. If sufficient funds are not available in the ASBA Account, the Designated Intermediaries shall reject such applications and shall not upload such applications with the Stock Exchange.
8. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the Applicant on request.
9. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the 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 Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants 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.

### **Terms of payment**

The entire Issue price of ₹ 91 per 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 or Sponsor Bank to unblock the excess amount paid on Application to the Applicants.

SCSBs or Sponsor Bank 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 or Sponsor Bank.

The applicants should note that the arrangement with Banker to the Issue or the Registrar or Sponsor Bank is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.

### **Payment mechanism for Applicants**

The applicants shall specify the bank account number in their Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form sent by the Sponsor Bank. The SCSB or Sponsor Bank shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of instructions from the Registrar to unblock the Application Amount. However Non-Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application by the ASBA Applicant, 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 Offer 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 offer 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. SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹ 500,000, may use UPI.

### **Electronic Registration of Applications**

The Designated Intermediary may register the Applications using the on-line facilities of the Stock Exchange. The Designated Intermediaries can also set up facilities for off-line electronic registration of Applications, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities on a regular basis before the closure of the issue.

On the Issue Closing Date, the Designated Intermediaries may upload the applications till such time as may be permitted by the Stock Exchange.

c) Only Applications that are uploaded on the Stock Exchange Platform are considered for allocation/Allotment. In the Phase 1, the Designated Intermediaries are given till 1:00 pm on the day following the Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Issue Period after which the Stock Exchange send the application information to the Registrar to the Issue for further processing.

### **Other Instructions**

#### **Joint Applications in the case of Individuals**

Applications may be made in single or joint names (not more than three). In the case of joint Applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form or Revision Form. All

communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

### Multiple Applications

An Applicant should submit only one Application (and not more than one) for the total number of Equity Shares required. Two or more Applications will be deemed to be multiple Applications if the sole or First Applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

- i. All applications are electronically strung on first name, address (1st line) and applicant's status. Further, these applications are electronically matched for common first name and address and if matched, these are checked manually for age, signature, and father/ husband's name to determine if they are multiple applications.
- ii. Applications which do not qualify as multiple applications as per above procedure are further checked for common DP ID/ beneficiary ID. In case of applications with common DP ID/ beneficiary ID, are manually checked to eliminate possibility of data entry error to determine if they are multiple applications.
- iii. Applications which do not qualify as multiple applications as per above procedure are further checked for common PAN. All such matched applications with common PAN are manually checked to eliminate possibility of data capture error to determine if they are multiple applications.

In case of a mutual fund, a separate 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 Applications clearly indicate the scheme concerned for which the Application has been made.

In cases where there are more than 20 valid applications having a common address, such shares will be kept in abeyance, post allotment and released on confirmation of "know your client" norms by the depositories. The Company reserves the right to reject, in our absolute discretion, all or any multiple Applications in any or all categories.

### 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 Applicants should mention his/her PAN allotted under the IT Act. **Applications without this information will be considered incomplete and are liable to be rejected.** It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN, as the Application is liable to be rejected on this ground.

### Allocation of Equity shares

1) The Offer is being made through the Fixed Price Process wherein 88,800 Equity Shares shall be reserved for Market Maker. 8,38,800 Equity Shares having face value of ₹10.00 each at a price of ₹ 91 per Equity Share aggregating ₹763.31 lakhs will be available for allocation to Retail Individual Investors. 8,38,800 Equity Shares having face value of ₹10.00 each at a price of ₹ 91 per Equity Share aggregating ₹763.31 lakhs will be available for allocation to other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for.

2) Under-subscription if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Manager and the Stock Exchange.

3) Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines, and approvals.

4) In terms of SEBI Regulations, Non-Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.

5) Allotment status details shall be available on the website of the Registrar to the Issue.



### **Signing of Underwriting Agreement**

Vide an Underwriting Agreement dated July 27, 2023 this Offer is 100% Underwritten.

### **Filing of the Prospectus with the ROC**

The Company will file a copy of the Prospectus with the ROC in terms of 26 of the Companies Act, 2013.

### **Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013 the Company shall, after registering the 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.

### **Issuance of Allotment Advice**

- 1) Upon approval of the Basis of Allotment by the Designated Stock Exchange.
- 2) On the basis of approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the allotment and credit of equity shares. Applicants are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the issue. The Lead Manager or the Registrar to the Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of Allotment Advice shall be deemed a valid, binding, and irrevocable contract for the Allotment to such Applicant.
- 3) Issuer will make the allotment of the Equity Shares and initiate corporate action for credit of shares to the successful applicants Depository Account within 4 working days of the Issue Closing date. The Issuer also ensures the credit of shares to the successful Applicants 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 issuer.

### **Designated Date**

On the Designated Date, the Registrar to the Offer shall instruct the SCSBs or Sponsor Bank to unblock funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

### **GENERAL INSTRUCTIONS**

#### **Do's:**

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about the Depository Participant and the beneficiary account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Applicant shall use only his / her own bank account or only his / her own bank account linked UPI ID to make an application.
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the Demographic Details are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- Ensure that you have funds equal to the Application Amount in the ASBA account or UPI ID linked Bank Account maintained with the SCSB before submitting the Application Form under the ASBA process the SCSBs where the Applicant has a bank account or a UPI ID linked Bank Account, the Registered Broker (at the Broker Centre's), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
- Instruct your respective Banks to release the funds blocked in the ASBA Account/UPI ID linked Bank Account under the ASBA process;
- Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder.

- Ensure that you have mentioned the correct bank account number in the Application Form and in case of Retail Individual Applicants applying through UPI Channel, ensure that you have mentioned the correct UPI ID;
- Ensure that the Application Forms are delivered by the applicants within the time prescribed as per the Application Form and the Prospectus;
- Ensure that you have requested for and receive a TRS;
- Ensure that you request for and receive a stamped acknowledgement of the Application Form for all your application options;
- Ensure that you have correctly signed the authorization/ undertaking box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account/ UPI ID linked Bank Account, as the case may be, equivalent to the Application Amount mentioned in the Application Form;
- Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
- The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

- Do not apply for lower than the minimum Application size;
- Do not apply for a price different from the price mentioned herein or in the Application Form;
- Do not use third party bank account or third-party UPI ID linked Bank Account for making the Application;
- Do not apply on another Application Form after you have submitted an application to the Designated Intermediary;
- Do not pay the Application Price in cash, cheque, by money order or by postal order or by stock invest;
- Do not send Application Forms by post, instead submit the Designated Intermediary only;
- Do not submit the Application Forms to any non-SCSB bank or our Company
- Do not apply on an Application Form that does not have the stamp of the relevant Designated Intermediary;
- Do not submit the application without ensuring that funds equivalent to the entire application Amount are blocked in the relevant ASBA Account;
- Do not apply for an Application Amount exceeding Rs.2,00,000 (for applications by Retail Individual Applicants);
- Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
- Do not submit applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant; and
- Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended.
- The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer.

For details of grounds for technical rejections of a Bid cum Application Form, please see the General Information Document.

Further, helpline details of the Lead Manager pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

| <b>Name of the Lead Manager</b> | <b>Helpline (email)</b>  | <b>Telephone</b> |
|---------------------------------|--|------------------|
| First Overseas Capital Limited  | <a href="mailto:investorcomplaints@focl.in">investorcomplaints@focl.in</a> | +91 22 4050 9999 |

**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 Lead Managers and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. The allotment of Equity Shares to applicants other than to the Retail Individual Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

### **Instructions for Completing the Application Form**

The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Applications made using a third-party bank account or using third party UPI ID linked bank account are liable to be rejected. Application Forms should bear the stamp of the Designated Intermediaries. ASBA Application Forms, which do not bear the stamp of the Designated Intermediaries, will be rejected.

SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit 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 website of NSE i.e. [www.nseindia.com](http://www.nseindia.com). 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 Application forms in Public Issue with effect from January 01, 2016. The List of RTA and DPs centres for collecting the application shall be disclosed is available on the website of NSE i.e. [www.nseindia.com](http://www.nseindia.com)

For details of instruction in relation to the Application Form, Applicants may refer to the relevant section of GID.

### **Applicant's Depository Account and Bank Details**

Please note that, providing bank account details, PAN Nos, UPI ID (if applicable), Client ID and DP ID in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Application Form as entered into the Stock Exchange online system, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant 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.

### **Submission of Application Form**

All Application Forms duly completed shall be submitted to the Designated Intermediaries. 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 application form, in physical or electronic mode, respectively.

### **Communications**

All future communications in connection with Applications made in this Offer should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account

Details, number of Equity Shares applied for, date of Application form, name and address of the Designated Intermediary where the Application was submitted thereof 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 Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

### **Disposal of Application and Application Moneys and Interest in Case of Delay**

The Company shall ensure the dispatch of Allotment advice and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at Emerge Platform of NSE where the Equity Shares are proposed to be listed are taken within 6 working days from Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment shall be made within three (3) days of the Issue Closing Date;
2. Giving of Instructions for refund by unblocking of amount via ASBA not later than 4(four) working days of the Issue Closing Date, would be ensured; and
3. If such money is not repaid within prescribed time from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of prescribed time, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

### **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 other person in a fictitious name, shall be liable for action under Section 447 of Companies Act, 2013 and shall be treated as Fraud."*

### **Mode of Refunds**

a) **In case of ASBA Applicants:** 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 Application, for any excess amount blocked on Application, for any ASBA application withdrawn, rejected or unsuccessful or in the event of withdrawal or failure of the Offer

b) In the case of Applications 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 Other 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 Offer 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 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 Issuer, the Registrar to the Issue, the Escrow Collection Banks, 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.

### **Mode of making refunds for Applicants other than ASBA Applicants**

The payment of refund, if any, may be done through various modes as mentioned below:

(i) NECS - Payment of refund may be done through NECS for Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder as obtained from the Depository;

(ii) NEFT - Payment of refund may be undertaken through NEFT wherever the branch of the Bidders' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(iii) Direct Credit – Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

(iv) RTGS – Applicants having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS. The IFSC code shall be obtained from the demographic details. Investors should note that on the basis of PAN of the bidder, DP ID and beneficiary account number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders account details, IFSC code, MICR code and occupation (hereinafter referred to as "Demographic Details"). The bank account details for would be used giving refunds. Hence, Applicants 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 Applicants at their sole risk and neither the Lead Manager or the Registrar to the Issue or the Escrow Collection Bank nor the Company shall have any responsibility and undertake any liability for the same;

(v) Please note that refunds, on account of our Company not receiving the minimum subscription, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank. For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc. Bidders may refer to Prospectus.

### **INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer shall make the Allotment within the period prescribed by SEBI. The Issuer 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.

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 in accordance with applicable law. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

### **Undertakings by our Company**

We undertake as follows:

- i. That the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
- ii. 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 the period prescribed by the Board;
- iii. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar and Share Transfer Agent to the Issue by our Company;
- iv. Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six Working Days from the Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- v. That no further Issue of Equity Shares shall be made till the Equity Shares issued through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.;
- vi. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment;
- vii. That if our Company do not proceed with the Issue, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- viii. If our Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh Prospectus with the Stock exchange/RoC/SEBI, in the event our Company subsequently decides to proceed with the Offer;

#### **UTILIZATION OF THE FRESH ISSUE PROCEEDS**

The Board of Directors of our Company certifies that:

1. all monies received out of the Issue shall be 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;
2. details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Offer Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (*earlier known as Department of Industrial Policy and Promotion*) (“**DPIIT**”), issued the FDI Policy, which is effect from October 15, 2020, which subsumes and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Non-Debt Instruments Rules, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India, as prescribed in the FDI Policy and the FEMA Non-Debt Instruments Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made similar amendment to the FEMA Rules. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Issue Period.

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 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 IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

### PRELIMINARY

1. The regulations contained in Table F of the first schedule to the Companies Act, 2013 (hereinafter referred as Table F) shall apply to this Company in so far as are applicable to Public Company and are not amended, modified or substituted by the following Articles, which shall be the regulations for the management of the company.

### INTERPRETATION

2. (1) In these Regulations:-
  - (a) "Company" means \* **SHANTHALA FMCG PRODUCTS LIMITED**.
  - (b) "Office" means the Registered Office of the Company.
  - (c) "Act" means the Companies Act, 2013 and any statutory modification thereof.
  - (d) "Seal" means the Common Seal of the Company.
  - (e) "Directors" means the Directors of the Company and includes persons occupying the position of the Directors by whatever names called.
- (2) *Unless the context otherwise requires, words or expressions contained in these Articles shall have the same meaning as in the Act, or any statutory modification thereof in force at the date on which these Articles become binding on the Company.*

### PUBLIC COMPANY

3. The company is a Public Company within the meaning of section 2(71) of the Companies Act, 2013.

### SHARE CAPITAL AND VARIATION OF RIGHTS

4. The Authorised Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the Share Capital, whether original, increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such manner as may for the time being be provided by the Regulations of the Company and allowed by law.

- 4.1 The company shall have power, subject to and in accordance with applicable provisions of the Act, to issue further shares and securities, as it may consider appropriate to -

- (i) person who, at the date of offer, are holders of the 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
- (ii) employees under any scheme of employees' stock option;
- (iii) any person, whether or not those persons include the persons referred to in sub article (i) and (ii) above.

Subject to and in accordance with the Companies Act 2013 and the rules made thereunder, a further issue of shares including by way of preferential offer or private placement, may be made in the manner and on terms and conditions including imposition of any restrictions on such shares, as determined by the Board or any of its Committee, in case the power is delegated to such Committee.



5. The business of the Company may be commenced soon after the incorporation of the Company as and when the Directors shall think fit notwithstanding that part of the shares have been allotted.
6. The shares shall be under the discretionary control of the Directors who may allot or otherwise dispose of the same.
7. The Board of Directors of the company may decide and approve to issue fully paid up bonus shares to the members of the company as and when they deem fit and expedient to do so.
8. The certificate for shares registered in the name of two or more persons shall be delivered to the first person named in the register and this shall be sufficient delivery to all such holders.
9. (i) 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 the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,
  - (a) One certificate for all his shares without payment of any charges; or
  - (b) Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
- (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
- (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.
10. (i) 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 deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
- (ii) The provisions of Articles (9) and (10) shall mutatis mutandis apply to debentures of the Company.
11. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof.
12. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (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.

13. (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 section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths 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.
- (ii) To every such separate meeting, the provisions of these regulations 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.
14. 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.
15. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### **LIEN**

16. The Company shall have a first and paramount lien upon all the shares (not being a fully paid up share) registered in the name of such member (whether solely or jointly with others) and upon the proceeds of sale thereof for his debts, liabilities and engagements (whether presently payable or not) solely or jointly with any other person, to or with the Company, whether the period for the payment, fulfillment or discharge thereof shall have actually alien or not and such lien shall extend to all dividends, from time to time, declared in respect of shares, subject to section 124 and bonuses declared from time to time in respect of such shares under the Act. The Board of Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this clause.

#### **CALLS ON SHARES AND TRANSFER OF SHARES**

17. The Directors are empowered to make calls on members of any amount payable at a time fixed by them.
18. Any member desiring to sell any of his shares must notify the Board of Directors of the number of shares, the fair value and the name of the proposed transferee and the Board must offer to the other shareholders the shares offered at the fair value and if the offer is accepted, the shares shall be transferred to the acceptor and if the shares or any of them, are not so accepted within one month from the date of notice to the Board the members proposing transfers shall, at any time within three months afterwards, be at liberty, subject to Articles 19 and 20 hereof, to sell and transfer the shares to any persons at the same or at higher price. In case of any dispute, regarding the fair value of the share it shall be decided and fixed by the Company's Auditor whose decision shall be final.
19. No transfer of shares shall be made or registered without the previous sanction of the Directors, except when the transfer is made by any member of the Company to another member or to a member's wife or child or children or his heirs and the Directors may decline to give such sanction without assigning any reason subject to Section 58 and 59 of the Act.
20. The Directors may refuse to register any transfer of shares (1) where the Company has a lien on the shares or (2) where the shares are not fully paid up shares, subject to Section 58 and 59 of the Companies Act, 2013.
21. Subject to Section 58 and 59 of the Act, the Directors may in their discretion, without assigning any reason, refuse to register the transfer of any shares to any person, whom it shall, in their opinion, be undesirable in the interest of the Company to admit to membership.
22. At the death of any member his or her shares be recognized as the property of his or her heirs upon production of reasonable evidence as may be required by the Board of Directors.

23. The instrument of transfer must be accompanied by the certificates of shares.

### **TRANSMISSION OF SHARES**

24. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.
- (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.
25. (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
- (a) To be registered himself as holder of the share; or
- (b) To make such transfer of the share as the deceased or insolvent member could have made.
- (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.
26. (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.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- (iii) All the limitations, restrictions and provisions of these regulations 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.
27. 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 have been 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 in respect of it to exercise any right conferred by membership in relation to meetings of the company:

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 share, and if the notice is not complied with 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.

### **FORFEITURE OF SHARES**

28. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.
29. The notice aforesaid shall:
- (a) 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
- (b) 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.

30. 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.
31. (i) A forfeited share may be sold or otherwise disposed of 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.
32. (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) 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.
33. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, 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.
- (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- (iii) The transferee shall thereupon be registered as the holder of the share.
- (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
34. The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **ALTERATION OF CAPITAL**

35. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in there solution.
36. Subject to the provisions of section 61, the company may, by ordinary resolution,
- (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) Sub-divide its existing shares or any of them into shares of smaller amount that is fixed by the memorandum;
- (d) 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.
37. Where shares are converted into stock
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

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.

- (b) 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.
  - (c) Such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
38. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,
- (a) Its share capital;
  - (b) Any capital redemption reserve account; or
  - (c) Any share premium account.

#### **CAPITALISATION OF PROFITS**

39. (i) The Company in general meeting may, upon the recommendation of the Board, Resolve:
- (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
  - (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.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii) either in or towards
- (a) Paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - (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;
  - (c) Partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
  - (d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
  - (e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
40. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
  - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power

- (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 becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled there to, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares 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;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

#### **BUY-BACK OF SHARES**

41. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### **GENERAL MEETINGS**

42. All general meetings other than annual general meeting shall be called extraordinary general meeting.
43. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **PROCEEDINGS AT GENERAL MEETINGS**

44. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
45. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
46. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
47. 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 their members to be Chairperson of the meeting.
48. (a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (i) 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.
- (ii) Save as aforesaid, and as provided in section 103 of 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.

## VOTING RIGHTS AND PROXY

49. Subject to any rights or restrictions for the time being attached to any class or classes of shares
- (a) on a show of hands, every member present in person shall have one vote; and
  - (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
50. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
51. (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.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
52. 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.
53. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
54. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
55. (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.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
56. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, 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.
57. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
58. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:
- Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

## BOARD OF DIRECTORS

59. The number of Directors shall not be less than two and not more than fifteen.
60. The following shall be the First Directors of the Company.



**1. Mr. Bantwal Manjunath Mallya****2. Mrs. Shobitha Malya**

61. The Directors may from time to time, appoint one or more of their body to the office of the Managing Director for one or more of the divisions of the business carried on by the Company and to enter into agreement with him in such terms and conditions as they may deem fit.
62. Subject to the provisions of section 149, the Board of Directors, at any time and from time to time, to appoint any person as additional Director in addition to the existing Director so that the total number of Directors shall not at any time exceed the number fixed for Directors in these articles. Any Directors so appointed shall hold office only until the next following Annual General Meeting but shall be eligible thereof for election as Director.
63. The Managing Director may be paid such remuneration as may, from time to time, be determined by the Board and such remuneration as may be fixed by way of salary or commission or participation in profits or partly in one way or partly in another subject to the provisions of the Companies Act, 2013.
64. The quorum necessary for the transaction, of the business of the Board meeting subject to Section 174 of the Act, shall be one third of the total strength or at least two whichever is higher. The participation of the directors by video conferencing or by other audio visual means shall also be counted for the purpose of quorum.
65. Subject to section 175 of the Act, a resolution in writing signed by the Director except a resolution which the Act specifically required it to be passed at a Board meeting shall be effective for all purposes as a resolution passed at a meeting of Directors duly called, held and constituted.

**PROCEEDINGS OF THE BOARD**

66. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
67. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
68. 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.
69. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (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 directors present may choose one of their members to be Chairperson of the meeting.
70. (i) 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.
- (ii) 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.
71. (i) A committee may elect a Chairperson of its meetings.



- (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.
72. (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 shall have a second or casting vote.
73. 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.
74. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

#### **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

75. Subject to the provisions of the Act,
- (i) 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;
  - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
76. A provision of the Act or these regulations 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.

#### **BORROWING POWERS**

77. Subject to section 73 and 179 of the Companies Act, 2013, and Regulations made there under and Directions issued by the RBI the directors may, from time to time, raise or borrow any sums of money for and on behalf of the Company from the member or other persons, companies or banks or they may themselves advance money to the company on such interest as may be approved by the Directors.
78. The Directors may, from time to time, secure the payment of such money in such manner and upon such terms and conditions in all respects as they deem fit and in particular by the issue of bonds or debentures or by pledge, mortgage, charge or any other security on all or any properties of the Company (both present and future) including its uncalled capital for the time being.

## OPERATION OF BANK ACCOUNTS

79. The Directors shall have the power to open bank accounts to sign cheques on behalf of the Company and to operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundies and bills or may authorise any other person or persons to exercise such powers.

## DIVIDENDS AND RESERVE

80. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
81. Subject to the provisions of section 123, 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.
- 82.(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 equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
83. (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 regulation as paid on the share.
- (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
84. 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.
85. (i) Any dividend, interest or other monies payable in cash in respect of shares maybe paid by 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.
86. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
87. 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.
88. No dividend shall bear interest against the company.

## ACCOUNTS

89. (a) The Board shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulation the accounts and books of the Company or any of them shall be open to the inspection of members (not being Director).
- (b) No members (not being Director) shall have any right of inspecting any accounts or books of account of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.
90. The Directors shall in all respect comply with the provisions of Section 128, 134, 137, 206, 207 and 208, of the Act, and Profit and Loss Account, Balance Sheet and Auditors Report and every other document required by law to be annexed or attached as the case may be, to the Balance Sheet, to be sent to every member and debenture holder of the Company and every trustee for the holders of the debentures issued by the Company at least twenty one days before the date of Annual general meeting of the Company at which they are to be laid, subject to the provisions of section 136 of the Act.

## AUDIT

91. (a) The first Auditor of the Company shall be appointed by the Board of Directors within one month from the date of registration of the Company and the Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting.
- (b) At the first Annual General Meeting the Company shall appoint an Auditor to hold Office from the conclusion of the Meeting till the conclusion of its sixth Annual General Meeting and thereafter till the conclusion of every sixth meeting.
- (c) The remuneration of the Auditor shall be fixed by the Company in the Annual General Meeting or in such manner as the Company in the Annual General Meeting may determine. In case of an Auditor appointed by the Board his remuneration shall be fixed by the Board.

## WINDING UP

92. Winding up when necessary will be done in accordance with the requirements of the Companies Act, 2013 or statutory modification thereto.

## SECRECY

93. Subject to the provisions of law of land and the act, every manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other persons employed in the business of the company shall, if so required by the Board of Directors before entering upon his duties, sign declaration, pledging himself to observe strict secrecy respecting all transactions of the Company with its customers and the state of account with individuals and in matters relating thereto and shall by such declaration pledge himself, not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required to do so by the directors or by any court of law and except so far as may be necessary in order to comply with any of the provisions in these presents.

## INDEMNITY

94. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

## SECTION X – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 7th Block, Gandhinagar Bye Pass Road, Virajpet, Kodagu - 571218, Karnataka, India, from 10.00 a.m. to 5.00 p.m. on working days from the date of the Prospectus until the Issue Closing Date.

#### Material Contracts

1. Memorandum of Understanding dated July 27, 2023 between our Company and the Lead Manager.
2. Agreement between Bigshare Services Private Limited and our Company dated July 27, 2023 appointing them as the Registrar to the Issue.
3. Underwriting Agreement dated July 27, 2023 between our Company and Underwriter.
4. Market Making Agreement dated July 27, 2023 between our Company, Lead Manager and Market Maker.
5. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated June 19, 2023.
6. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated June 20, 2023.
7. Banker to the Issue and Sponsor Bank Agreement dated October 09, 2023 between our Company, the Lead Manager, Banker to the Issue and Registrar to the Issue.

#### Material Documents

1. Certificate of Incorporation of our Company in the name of “*Shanthala Traders Private Limited*” dated February 20, 2014 issued by the Registrar of Companies, Bangalore.
2. Certificate of Incorporation of our Company in the name of “*Shanthala FMCG Products Private Limited*” dated April 24, 2023 issued by the Registrar of Companies, Bangalore.
3. Fresh Certificate of Incorporation consequent upon conversion in the name of ‘*Shanthala FMCG Products Limited*’ dated July 10, 2023 issued by the Registrar of Companies, Bangalore.
4. Certified true copy of the Memorandum and Articles of Association of our Company, as amended.
5. Certified true copy of the resolution passed at the meeting of the Board of Directors dated July 14, 2023 authorizing the Issue.
6. Certified true copy of the special resolution of the Shareholders passed at the Annual General Meeting dated July 18, 2023 authorizing the Issue.
7. Statement of Tax Benefits dated July 27, 2023 issued by our Statutory Auditor, M/s. Kale Malde & Co., Chartered Accountants.
8. Certificate of Key Performance Indicators (KPIs) dated October 16, 2023 issued by our Statutory Auditor, M/s. Kale Malde & Co., Chartered Accountants.
9. Certificate of Working Capital requirements dated October 11, 2023 issued by our Statutory Auditor, M/s. Kale Malde & Co., Chartered Accountants.

10. Certificate of Deployment of funds dated October 16, 2023 issued by our Statutory Auditor, M/s. Kale Malde & Co., Chartered Accountants.
11. Report of our Statutory Auditor, M/s. Kale Malde & Co., Chartered Accountants dated October 16, 2023, on the Restated Financial Statements included in this Prospectus.
12. Copies of audited financial statements of our Company for Fiscal 2023, 2022 and 2021 and for the period ended August 31, 2023.
13. Certified true copy of the resolution dated July 18, 2023 passed at the AGM, appointing B. Manjunath Mallya as the Chairman and Managing Director of our Company.
14. Consents of Directors, Chief Financial Officer, Company Secretary and Compliance Officer, Statutory Auditor, Legal Advisor to the Issue, Banker to the Company, the Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Bankers to the Issue, to act in their respective capacities.
15. Due Diligence Certificate dated August 07, 2023 from the Lead Manager to NSE.
16. Due Diligence Certificate dated October 17, 2023 from the Lead Manager to SEBI.
17. Copy of in-principle approval from NSE *vide* letter dated October 11, 2023 to use the name of NSE in this document for listing of Equity Shares on Emerge Platform of NSE.

Any of the contracts or documents mentioned in the 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, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

**DECLARATION**

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

**Signed by all the Directors of Shanthala FMCG Products Limited**

| <b>Name and designation</b>   | <b>Signature</b> |
|---|------------------|
| <b>B. Manjunath Mallya</b><br><i>Chairman &amp; Managing Director</i> | Sd/-             |
| <b>Shobitha Malya</b><br><i>Executive Director</i>                    | Sd/-             |
| <b>Smita Arjun Patil</b><br><i>Independent Director</i>               | Sd/-             |
| <b>Ravikant Moreshwar Mhatre</b><br><i>Independent Director</i>       | Sd/-             |
| <b>Shivani Shivshankar Tiwari</b><br><i>Independent Director</i>      | Sd/-             |

**Signed by the – Chief Financial Officer**

Sd/-

**Yogish Mallya**

Place: Coorg / Mumbai

Date: October 17, 2023