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PARAGON FINE AND SPECIALITY CHEMICAL LIMITED
CIN: U24304GJ2018PLC105071

Our company was originally formed as partnership firm under the Indian Partnership Act, 1932 in the name and style of "M/s. Devarshi Dyechem, pursuant to a deed of partnership dated February 02, 2003, entered between Manubhai Mongabhai Prajapati, Sureshbhai Natvarlal Patel and Kusumben Prahladbhai Patel. Thereafter, the said partnership firm was purchased by two of our existing promoters, Vallabh Ratanji Savaliya and Pravinbhai Panchabhai Patolia along with Pravinchandra Jasmat Vasolia, Manubhai Mongabhai Prajapati and Mukeshbhai Rudabhai Buha pursuant to a deed of partnership dated February 26, 2004. The name of the partnership firm was then changed to M/s. Paragon Industries. Thereafter a deed of partnership dated April 04, 2009 was entered to admit Kishorkumar Panchabhai Patolia and to retire Pravinbhai Panchabhai Patolia, Manubhai Mongabhai Prajapati and Mukeshbhai Rudabhai Buha as partners. Later a deed of partnership dated November 20, 2017 was executed to admit Bansari Kishor Patolia, Priyadarshna Kishorkumar Patolia, Nitaben Pravinchandra Vasolia and Heamanshi Pravinbhai Vasoliya as partners in the existing partnership firm. Further, "M/s Paragon Industries" was converted from partnership firm to a Private Limited Company under Part XXI of the Companies Act, 2013 in the name of "Paragon Fine And Speciality Chemical Private Limited" vide Certificate of Incorporation dated November 02, 2018 bearing registration no. 105071 issued by Registrar of Companies, Central Registration Centre bearing CIN U24304GJ2018PTC105071. Subsequently, our Company was converted into a Public Limited Company vide Special Resolution passed by the Shareholders at the Extraordinary General Meeting, held on July 15, 2022 and consequently the name of our Company was changed from "Paragon Fine And Speciality Chemical Private Limited" to "Paragon Fine And Speciality Chemical Limited" vide a fresh certificate of incorporation dated August 23, 2022 issued by the Registrar of Companies, Ahmedabad bearing CIN U24304GJ2018PLC105071.

Registered Office: 1001/1, Parshwa Tower, Near Pakvan Hotel, S.G. Highway, Bodakdev, Ahmedabad, Gujarat- 380054, India.

Contact Person: Vrunda Upendra Dattani, Company Secretary & Compliance Officer

Tel No: +917935335483; **E-mail:** cs@paragonind.com; **Website:** www.paragonind.com;

PROMOTERS OF OUR COMPANY: DR. PRAVINCHANDRA JASMAT VASOLIA, KISHORKUMAR PANCHABHAI PATOLIA, VALLABH RATANJI SAVALIYA, RUTESH VALLABHBHAI SAVALIA AND SHIVAM KISHORBHAI PATOLIA

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED AUGUST 31, 2023: NOTICE TO THE INVESTORS ("THE ADDENDUM")

INITIAL PUBLIC OFFER OF UPTO 51,66,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE "EQUITY SHARES") OF PARAGON FINE AND SPECIALITY CHEMICAL LIMITED ("OUR COMPANY" OR "PFSC" OR "THE ISSUER") AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [●] LAKHS ("PUBLIC ISSUE") OUT OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE 26.40% AND [●] % RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Potential Bidders may note the following:

1. The Chapter titled "Summary of Draft Red Herring Prospectus" beginning on Page 20 of the Draft Red Herring Prospectus has been updated.
2. The Chapter titled "Risk Factors" beginning on page 25 of the Draft Red Herring Prospectus has been updated
3. The Chapter titled "Objects of the Issue" beginning on page 71 of the Draft Red Herring Prospectus has been updated
4. The Chapter titled "Our Business" beginning on page 105 of the Draft Red Herring Prospectus has been updated
5. The Chapter titled "Our Management" beginning on page 133 of the Draft Red Herring Prospectus has been updated
6. The Chapter titled "Government And Other Statutory Approvals" beginning on page 212 of the Draft Red Herring Prospectus has been updated
7. Please note that all other details in, and updates to the Red Herring Prospectus/ Prospectus with respect to issue price and/or other relevant details will be carried out in the Red Herring Prospectus, as and when filed with ROC, SEBI and the Stock Exchange.

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

On behalf of Paragon Fine And Speciality Chemical Limited

Sd/-

Vrunda Upendra Dattani
Company Secretary and Compliance Officer

Place: Ahmedabad

Date: October 12, 2023

BOOK RUNNING LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE



Hem Securities Ltd.



Bigshare Services Pvt. Ltd.

HEM SECURITIES LIMITED

904,A Wing, Naman Midtown, Senapati Bapat Marg, Elphinstone Road, Lower Parel, Mumbai-400013, India

Tel. No.: +91- 022- 49060000;

Fax No.: +91- 022- 22625991

Email: jb@hemsecurities.com

Investor Grievance Email: redressal@hemsecurities.com

Website: www.hemsecurities.com

Contact Person : Roshni Lahoti

SEBI Regn. No. INM000010981

BIGSHARE SERVICES PRIVATE LIMITED

Address: S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai- 400093, India.

Tel No.: +91 022 6263 8200

Fax: +91 022 6263 8299

Email: ipo@bigshareonline.com

Contact Person: Babu Rapheal C

Website: www.bigshareonline.com

SEBI Registration Number: INR000001385

BID/ISSUE PROGRAMME

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

BID/ISSUE OPENS ON: [●]**

BID/ISSUE CLOSES ON: [●]**

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

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

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COVER PAGE OUTER

Type	Fresh Issue Size (in ₹ lakhs)	OFS Size (by no. of Shares or by amount in ₹)	Total Issue Size (in ₹ lakhs)	Eligibility
Fresh Issue	Upto 51,66,000 Equity Shares aggregating to ₹ [●]Lakhs	Nil	₹ [●]Lakhs	This Issue is being made in terms of regulation 229(2) and 253(1) of chapter IX of the SEBI (ICDR) Regulations, 2018 as amended.

SECTION II – SUMMARY OF DRAFT RED HERRING PROSPECTUS

E. OBJECTS OF THE ISSUE

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

Sr. No	Particulars	Amt (Rs. in Lacs)
1.	Funding capital expenditure towards civil construction work in the existing premises of factory	100.06
2.	Repayment in full or in part, of certain of our outstanding borrowings;	1290.00
3.	Funding Capital Expenditure towards installation of additional plant and machinery for Expansion.	787.42
4.	Funding to meet working capital requirements	1300.00
5.	General Corporate Purpose.	[●]
	Total	[●]

SECTION III – RISK FACTORS

INTERNAL RISK

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

The restated financial statements of our Company for the financial year ended March 31 2023, 2022 and 2021 have been furnished by a peer-reviewed chartered accountant who is not the statutory auditor of our Company. While our statutory auditor possesses a valid peer-reviewed certificate, due to their existing commitments, the task of providing the restated financial statements was entrusted to the aforementioned peer-reviewed chartered accountant.

- 9. *The names of our Promoter and Whole Time Director, Kishorkumar Panchabhai Patolia and our Non-Executive Director, Dr. Soumitra Sachipati Banerjee were appearing in the list of disqualified directors in the past.***

Our Promoter and Whole Time Director, Kishorkumar Panchabhai Patolia and our Non-Executive Director, Dr. Soumitra Sachipati Banerjee were disqualified from directorship from November 01, 2016 to October 31, 2021 by Registrar of Companies, Ahmedabad in relation to their past directorship in Papillion Impex Private Limited which did not file financial statements or annual returns for continuous period of three (3) financial years. However, Papillion Impex Private Limited was struck off from records of ROC vide notice of striking off and dissolution dated October 26, 2021 and the respective period of disqualification from directorship for our promoters has also ended on October 31, 2021.

While Kishorkumar Panchabhai Patolia and Dr. Soumitra Sachipati Banerjee are not presently disqualified to be directors, there is no assurance that statutory or regulatory actions or legal proceeding will not be initiated against any of them. In future, in case of any actual or alleged non-compliance with regulatory requirements, our Promoters Kishorkumar Panchabhai Patolia and Dr. Soumitra Sachipati Banerjee could be subject to investigations and administrative or judicial proceedings that may result in substantial penalties and/ or diversion of management's attention which could negatively affect our reputation and may have a material adverse effect on our business operations.

- 10. *We are subject to strict quality requirements, regular inspections and audits, and the success and wide acceptability of our products is largely dependent upon our quality controls and standards. Any failure to comply with quality standards may adversely affect our business prospects and financial performance, including cancellation of existing and future orders.***

All our products and manufacturing processes are subject to stringent quality standards and specifications as specified by our customers. Given the nature of our products and the sector in which we operate, we believe that our customers have high standards for product quality and delivery schedules. Adherence to quality standards is a critical factor as a defect in intermediates manufactured by our Company or failure to comply with the specifications of our customers may, in turn, lead to the manufacture of faulty end-products. This may lead to cancellation of supply orders or non-renewal of agreements by our customers. As a result, any failure on our part to maintain applicable standards and manufacture products according to prescribed quality specifications, may lead to loss of reputation of our Company, cancellation of the order, loss of customers, rejection of the product, which will require us to incur additional cost to replace the rejected product, all or any of which could have adverse effect on our business and financial condition. Additionally, it could expose us to monetary liability and/ or litigation. Further our facilities, process and products are exposed to regular inspection and audits by our customers to ensure that their internal standards are appropriately met. Any non-compliance observed during inspection/audit may have an adverse impact on our business, financial condition, results of operations and future prospects. Any negative publicity regarding our Company or our products could adversely affect our reputation, our operations and our results from operations.

- 11. *Inventories and trade receivables form a major part of our current assets. Failure to manage our inventory and trade receivables could have an adverse effect on our sales, profitability, cash flow and liquidity.***

Our Company's business is working capital intensive and hence, inventories and trade receivables form a major part of our current assets. The results of operations of our business are dependent on our ability to effectively manage our inventory and trade receivables. To effectively manage our inventory, we must be able to accurately estimate customer demand / potential orders and supply requirements and purchase new inventory accordingly. However, if we misjudge expected customer demand / potential orders, it could cause either a shortage of products or an accumulation of excess inventory. During the FY 2022-23, 2021-22 and 2020-21 our inventories were ₹ 2,225.56 lakhs, ₹ 1,266.36 lakhs and ₹ 140.47 lakhs.

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 we fail to accurately evaluate the credit worthiness of our customers, it may lead to bad debts, delays in recoveries and / or write-offs which could lead to a liquidity crunch, thereby adversely affecting our business and results of operations. During the FY 2022-23, 2021-22 and FY 2020-21 our trade receivables were ₹ 2,710.98 lakhs, ₹ 2,156.71 lakhs and ₹ 2,953.99 lakhs. We may be subject to working capital risks due to delays or defaults in payment by clients, which may restrict our ability to procure raw materials and make payments when due. In addition, any delay or failure on our part to supply the required quantity or quality of products, within the time stipulated by our agreements, to our customers may in turn cause delay in payment or refusal of payment by the customer. Such defaults/delays by our customers in meeting their payment obligations to us may have a material effect on our business, financial condition and results of operations. Such situation may require an additional and, consequently, higher finance cost which will adversely impact our profitability.

12. Exchange rate fluctuations may adversely affect our results of operations as our sales from exports and a portion of our expenditures are denominated in foreign currencies.

Our financial statements are prepared in Indian Rupees and our business involves transactions with foreign companies which is received or paid in U.S. Dollars, EURO and other foreign currencies. Our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies. Accordingly, we have currency exposures relating to buying and selling in currencies other than in Indian Rupees. A depreciation of Rupee against these foreign currencies would mean that our import of raw materials would become expensive and will impact our profitability. Similarly, any appreciation of Rupee against these foreign currencies would mean that our sales become cheap. During the Fiscal 2023 and Fiscal 2022 the cost of raw material imported amounted to ₹ 251.00 lakhs and ₹ 38.46 lakhs respectively, which constituted 3.07% and 0.58% respectively, of our total raw material purchased. Similarly during the Fiscal 2023, Fiscal 2022 and Fiscal 2021, our revenues from our exports amounted to ₹ 3,464.02 lakhs, ₹ 4,470.74 and ₹ 5,213.82 lakhs respectively, which constituted 33.87%, 53.98% and 62.62% respectively, of our total revenues from operations. Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. We have earned gains due to these fluctuations in foreign currency in the Fiscal 2023, Fiscal 2022 and Fiscal 2021 of ₹ 126.01 lakhs, ₹ 91.59 lakhs and ₹ 33.66 lakhs respectively. The exchange rate between the Rupee and the foreign currencies has fluctuated substantially in recent years and may continue to fluctuate significantly in the future. We bear the complete risk of currency exchange rate fluctuations. We are affected by fluctuations in exchange rates and we cannot assure you whether hedging or other risk management strategies will be effective. There can be no assurance that we will be able to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the U.S. Dollar or other foreign currencies.

19. Our Company operates under several statutory and regulatory approvals in respect of our operations. Failure to obtain or maintain licenses, registrations, permits and approvals may affect our business and results of operations.

Our business operations necessitate various statutory and regulatory permits, licenses, and approvals. While we believe that we have acquired the necessary permits and licenses essential for our business operations, we cannot guarantee that we have identified every statutory or regulatory requirement that may apply to our operations. Additionally, some of these approvals have finite durations and mandate periodic renewals. We are obligated to ensure the renewal of these permits, licenses, and approvals. Failure by us to renew, maintain or obtain the required permits or approvals in time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations. Furthermore, in the past our Company was not registered under the Employees' State Insurance Act, 1948 and Provident fund Act, and did not make payments of contribution, as applicable thereunder. However, our Company has presently obtained the requisite registrations, there can be no assurance that our Company, our directors and our officers will be made liable for penalties for such non-compliance in the past.

Additionally, our company intends to do civil construction work in the existing premises of factory to install additional plant & machinery. As on date of the Draft Red Herring prospectus our company has not initiated any such construction and has not taken any approval from any authority for the said construction. Failure to obtain appropriate approvals or licenses at the requisite stages of construction or for operation of installed plant & machinery and new warehouse may affect the operations of the company and its growth prospects.

We cannot assure you that the approvals, licenses, registrations and permits required will be issued to us and those already issued will not be suspended or revoked in the event of non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any denial, suspension or revocation of the approvals, licenses, registrations and permits that has been or may be issued to us may affect our business and results of operations. For further details regarding the material approvals, licenses, registrations and permits, which have not been obtained by our Company or are, pending renewal, see "***Government and Other Approvals***" on page 212 of this Draft Red Herring Prospectus.

37. Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.

We propose to utilize the Net Proceeds towards Funding capital expenditure towards civil construction work in the existing premises of factory, Funding Capital Expenditure towards installation of additional plant and machinery for Expansion, Funding to meet working capital requirements and general corporate purposes. For further details of the proposed objects of the Issue, see “*Objects of the Issue*” beginning on page 71. However, these objects of the Issue have not been appraised by any bank, financial institution or other independent agency. Further, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of the competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus without obtaining the approval of shareholders of our Company through a special resolution. In the event of any such circumstances that require us to vary the disclosed utilization of the Net Proceeds, we may not be able to obtain the approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such approval of the shareholders of our Company may adversely affect our business or operations. Further, our Promoters would be required to provide an exit opportunity to the shareholders of our Company who do not agree with our proposal to modify the objects of the Issue, at a price and manner as prescribed by SEBI. Additionally, the requirement to provide an exit opportunity to such dissenting shareholders of our Company may deter our Promoters from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoter will have adequate resources at their disposal at all times to enable them to provide an exit opportunity. In light of these factors, we may not be able to vary the objects of the Issue to use any unutilized proceeds of the Issue, if any, even if such variation is in the interest of our Company. This may restrict our Company’s ability to respond to any change in our business or financial condition, if any, which may adversely affect our business and results of operations.

OBJECTS OF THE ISSUE

The issue comprises of a fresh Issue of up to 51,66,000 Equity Shares of our Company at an Issue Price of Rs. [●] per Equity Share. We intend to utilize the proceeds of the Issue to meet the following objects: -

1. Funding capital expenditure towards civil construction work in the existing premises of factory
2. Repayment in full or in part, of certain of our outstanding borrowings;
3. Funding Capital Expenditure towards installation of additional plant and machinery for Expansion.
4. Funding to meet working capital requirements
5. General Corporate Purpose.

(Collectively referred as the “Objects”)

Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be used in accordance with the details as set forth below:

Sr. No	Particulars	Amt (Rs. in Lacs)
1.	Funding capital expenditure towards civil construction work in the existing premises of factory	100.06
2.	Repayment in full or in part, of certain of our outstanding borrowings;	1290.00
3.	Funding Capital Expenditure towards installation of additional plant and machinery for Expansion.	787.42
4.	Funding to meet working capital requirements	1300.00
5.	General Corporate Purpose.	[●]
	Total	[●]

Our fund requirements and deployment thereof are based on internal management estimates of our current business plans and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs or in other financial conditions, business strategy, as discussed further below.

Details of Utilization of Net Proceeds

The details of utilization of the Net Proceeds are set forth herein below:

1. Funding capital expenditure towards civil construction work in the existing premises of factory

Our Company proposes to utilize Rs 100.06 lakhs for capital expenditure towards civil construction work in the existing premises at Viramgam Co. op. Ind. Estate Ltd, Plot no. 4 and 5, Situated at Survey No. 1359, 1360 Village-Viramgam Taluka- Viramgam, District-Ahmedabad-382150, Gujarat, to expand our operations. Details of Civil construction work is as under:

Set out below is a break-up of the estimated cost.

Sr No	Capital Expenditure	Description	Amount in lakhs	Vendor	Validity
1	Construction of Factory Shed	G.I sheet with RCC foundation, plinth beam, steel columns and Truss etc having height 6.0 to 9.0 metres	60.06	Kunj Consulting Engineers	Valid till November 19, 2023
		RCC Work	25.00	Yagnesh Enterprises	Valid till November 19, 2023
		Fabrication Work	12.50		
		Flooring	2.50		
	Total		100.06		

2. Repayment in full or in part, of certain of our outstanding borrowings

Our Company has entered into various borrowing arrangements with banks including borrowings in the form of term loans and cash credit for working capital facilities. For details of our outstanding financial indebtedness, see ‘**Statement of Financial Indebtedness**’ on page 195. As at June 30, 2023, we had various borrowings facilities with total outstanding

of Rs.1483.13 lakhs.

We propose to utilise an estimated amount of Rs.1290.00 Lakhs from the Net Proceeds to repay in part or full certain borrowing, listed below, availed from the lender by our Company. Pursuant to the terms of the financing arrangements, prepayment of certain borrowings may attract prepayment charges as prescribed by the respective lender. Such prepayment charges, as applicable, will be funded from the internal accruals of our Company.

We believe that such repayment will help reduce our outstanding indebtedness and debt servicing costs and enable utilisation of our internal accruals for further investment in our business growth and expansion. The details of the borrowings availed by our Company, which are proposed to be fully or partially repaid from the Net Proceeds is mentioned below:

Name of Lender	Purpose	Loan/ Agreement A/c No./Ref. No.	Sanctioned Amount (In Lacs)	Rate of interest	Primary & Collateral Security	Re-Payment Schedule	Moratorium	Outstanding amount as on 30.06.2023
Yes Bank	Cash Credit Facility	YBL/SEB/WS/FL/2022-2023/5487	1000.00	Effective Rate of Interest (ROI) is 8.40% p. a. which is 3.50% (Spread / Markup) over and above the External Benchmark Lending Rate	As per Note-1 (For details of Primary & Collateral Security under Note-1Please refer section titled "Statement Of Financial Indebtedness" on page 197 of DRHP)	Repayable on Demand	N.A.	893.60
Yes Bank	GECL-WCTL (To Mitigate Economic Distress faced due to Covid 19)	101LA40213620001	270.00	Effective Rate of Interest (ROI) is 9.25% p. a. which is 4.35% (Spread / Markup) over and above the External Benchmark Lending Rate	All the existing securities available against the Cash Credit facility. (100% Guarantee covered by National Credit Guarantee Trust Company Limited)	Only Interest for the first 24 Months and Equal Monthly Instalment for the balance 36 Months commencing from January, 2024	24 Months for Principal Repayment	270.00
Yes Bank	Export Packing Credit - Foreign Currency/ INR	YBL/SEB/WS/FL/2022-2023/5487	1000.00	To be decided at the time of drawdown	As per Note-1 (For details of Primary & Collateral Security under Note-1Please refer section titled "Statement Of Financial Indebtedness" on page 197 of DRHP)	Repayable on Demand	N.A.	221.22
Total Amount								1384.82

Note: In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purposed availed, our Company has obtained the requisite certificate from our Statutory Auditors by way of their certificate dated August 17, 2023.

3. Funding Capital Expenditure towards installation of additional plant and machinery

Our Company intends to make capital expenditure towards installation of additional plant & machinery. Our Company proposes to use part of net proceeds to the extent to Rs. 787.42 Lakhs to meet capital expenditure in relation to Various Reactors and Evaporation Plant etc.

A detailed breakup of estimated cost which are proposed to be funded from the net issue proceeds is set forth below:

Sr No	Equipment details	Quotation Amt. (₹ in Lakhs)	Quotation Details	Validity
1.	Multiple Effect Evaporation Plant With Mvr And Atfd	248.00	Quotation Dated August 23, 2023 from Thermosag India Pvt. Ltd.	Valid till November 21, 2023
2.	Ms Glass Lined Equipment	84.42	Quotation Dated August 23, 2023 from HLE Glascoat Ltd.	Valid till November 20, 2023
3.	1 Kl Reactor Column Condenser & Reacheiver Tank	19.50	Quotation Dated August 23, 2023 from Bharat Engineering Industries	Valid till November 21, 2023
4.	3 Kl Reactor Column Condenser & Reacheiver Tank	29.5	Quotation Dated August 23, 2023 from Bharat Engineering Industries	Valid till November 21, 2023
5.	5 Kl Reactor Column Condenser & Reacheiver Tank	31.7	Quotation Dated August 23, 2023 from Bharat Engineering Industries	Valid till November 21, 2023
6.	Atfd Plant For Zero Liquid Discharge	255.00	Quotation Dated August 23, 2023 from Bharat Engineering Industries	Valid till November 20, 2023
7.	Reactor 1KL, 2KL, 3KL & 5KL	66.05	Quotation Dated August 03, 2023 from Uni-Mech Industries	Valid till November 20, 2023
8.	Centrifuge 38.,48, Vaccum Tray Dryer 48	53.25	Quotation Dated August 03, 2023 from Uni-Mech Industries	Valid till November 20, 2023
	Total	787.42		

* Above estimates are exclusive of GST

Notes:

- We have considered the above quotations for the budgetary estimate purpose and have not placed orders for them. The actual cost of procurement and actual supplier/dealer may vary.
- All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machineries/ equipment or at the same costs.
- The machinery/equipment models and quantity to be purchased are based on the present estimates of our management. The Management shall have the flexibility to revise such estimates (including but not limited to change of vendor or any modification/addition/deletion of machineries or equipment) at the time of actual placement of the order. In such case, the Management can utilize the surplus of proceeds, if any, arising at the time of actual placement of the order, to meet the cost of such other machinery, equipment or utilities, as required. Furthermore, if any surplus from the proceeds remains after meeting the total cost of machineries, equipment and utilities for the aforesaid purpose, the same will be used for our general corporate purposes, subject to limit of 25% of the amount raised by our Company through this Issue.
- We are not acquiring any second-hand machinery.

The quotations relied upon by us in arriving at the above cost are valid for a specific period of time and may lapse after the expiry of the said period. Consequent upon which, there could be a possible escalation in the cost of machineries proposed to be acquired by us at the actual time of purchase, resulting in increase in the estimated cost. Further, cost will be escalated on account of Packing & Forwarding, Transportation, Transit Insurance, Octroi / Entry tax if any etc. Such cost escalation would be met out of our internal accruals.

Government Approvals

The company shall make an application for updation of following approvals:

- Consolidated Consent Order and Authorisation From Gujarat Pollution Control Board

- b) Environment clearance and Consolidated Consent and Authorization from State Level Environment Impact Assessment Authority Gujarat

The company will apply for these licenses only after purchase of additional plant and machinery.

4. Funding to meet working capital requirements

With the expansion of the business company will be in the need of additional working capital requirements. We fund a majority of our working capital requirements in the ordinary course of business from banks facilities and internal accruals. Our Company requires additional working capital for funding its incremental working capital requirements and releasing the internal accruals deployed in working capital.

Our Company proposes to utilize ₹ 1300.00 lakhs of the Net Proceeds in Fiscal 2024 towards our Company's working capital requirements. The balance portion of our Company working capital requirement 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:

Details of Estimation of Working Capital requirement are as follows:

(Rs. In Lakhs)

S. No.	Particulars	Actual (Restated)			Estimated
		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
I	Current Assets				
	Inventories	140.47	1,266.36	2,225.56	3,120.00
	Trade receivables	2,953.99	2,156.71	2,710.98	3,900.00
	Short term loans and Advances	36.66	110.03	10.47	18.41
	Other Current Assets	1,034.62	1,147.04	1,032.39	1,541.00
	Cash and Cash equivalents	132.36	60.42	128.92	307.23
	Total (A)	4,298.11	4,740.56	6,108.31	8,886.64
II	Current Liabilities				
	Trade payables	1474.28	2062.72	1714.51	1786.51
	Other Current Liabilities	404.86	329.05	311.81	279.42
	Short Term Provisions	95.05	9.43	271.06	550.18
	Total (B)	1974.19	2401.2	2297.38	2,616.11
III	Total Working Capital Gap (A-B)	2,323.91	2,339.36	3,810.94	6270.53
IV	Funding Pattern				
	Short Term borrowings& Internal accrual	1,015.28	699.82	1,078.91	5027.16
	IPO Proceeds				1300.00

Proposed Schedule of Implementation:

The proposed year wise break up of deployment of funds and Schedule of Implementation of Net Issue Proceeds is as under:

Sr. No	Particulars	Amount to be deployed and utilized in	
		F.Y. 2023-24	F.Y. 2024-25
1.	Funding capital expenditure towards civil construction work in the existing premises of factory	100.06	Nil
2.	Repayment in full or in part, of certain of our outstanding borrowings;	1290.00	Nil
3.	Funding Capital Expenditure towards installation of additional plant and machinery for Expansion.	787.42	Nil
4.	Funding to meet working capital requirements	1300.00	[●]
5.	General Corporate Purpose.	[●]	[●]
	Total	[●]	[●]

OUR BUSINESS

OUR BUSINESS STRATEGIES

Capitalize on upward trend of chemical industry and government policy initiatives in the sector.

Our manufacturing capabilities enable us to capitalize on the growing opportunities and emerging trends in our industry, particularly in the chemical industry where the industry is expected to grow at 9.3% to reach US\$ 304 billion by 2025 on the back of rising demands in the end-user segments for specialty chemicals and petrochemicals. The specialty chemicals sector is expected to reach US\$ 40 billion by 2025. The Indian dyes and pigments market is projected to reach US\$ 63 billion by 2022, accounting for about 16-18% of the global dye production. The agrochemicals market in India is expected to register 8.6% CAGR to reach US\$ 7.4 billion between 2021 and 2026.

(Source: https://www.ibef.org/download/1695900466_Chemicals_May_2023.pdf)

The government plans to implement production-link incentive system with 10-20% output incentives for the agrochemical sector; to create an end-to-end manufacturing ecosystem through the growth of clusters. 100% FDI is allowed in the chemical sector under automatic route with exception to few hazardous chemicals. The Indian Government supports the industry in research & development, reduced the basic customs duty on several products and offers support through the 'Make in India' campaign. Four Petroleum, Chemicals and Petrochemical Investment Regions (PCPIRs) have been set up as the investment regions for petroleum, chemicals and petrochemicals along with associated services. The Government of India is considering launching a production-linked incentive (PLI) scheme in the chemical sector to boost domestic manufacturing and exports.

(Source: https://www.ibef.org/download/1695900466_Chemicals_May_2023.pdf)

Our Product Portfolio

As of March 31, 2023, our product portfolio comprised of around 140 products. Details of the major products of our company are tabulated below:

Product	Industry Sector	Description
DICHLONE	Dye Intermediates	Dichlone has applications in the textile industry as a dyeing auxiliary. It can be used as a color-bleeding inhibitor or as an agent to enhance the color fastness of textile dyes. It helps improve the wash-fastness and light-fastness properties of dyed fabrics
CHLORANIL	Dye Intermediates	Chloranil-based dyes may find application in specific dyeing processes or industries where their unique color properties or stability characteristics are advantageous. These include applications in textiles, printing inks, paints, and coatings. It is extensively used as key raw material for premium Pigment Violet 23.
3,4-Dimethoxy Aniline	Dye Intermediates	It can be utilized in the synthesis of dyes and pigments for coloring textiles, plastics, and other materials. The specific properties of 3,4-Dimethoxyaniline make it suitable for certain coloration processes. Some derivatives of 3,4-Dimethoxyaniline have been explored for potential use in pharmaceuticals. It may serve as a building block in the synthesis of active pharmaceutical ingredients (APIs) or intermediates for drug production.
2-AM-5-METHOXY BENZENE-1,4-DISulfonic acid Disodium SALT	Pharma Intermediates	It has been extensively studied for its potential applications in various scientific fields. In organic synthesis, it has been used as a reagent for the preparation of a variety of compounds, such as amides, esters, and amines. In drug development, 2-Amino-5-methoxybenzene-1,4-disulfonic acid has been used to synthesize various drugs, such as analgesics, anti-inflammatory drugs, and antibiotics. In biochemistry, 2-Amino-5-methoxybenzene-1,4-disulfonic acid has been used as a reagent for the synthesis of proteins and peptides.
5-Nitro-2-Amino Phenol	Dye Intermediates	It is used in the synthesis of dyes and pigments, particularly in the production of azo dyes. The compound's nitro and amino groups make it suitable for creating vibrant and stable colors used in textiles, paints, and other products. 5-Nitro-2-Amino Phenol has been used in photographic processes, including as a

		developing agent in black and white photography..
1-ACETAMIDO-7-NAPHTHOL	Dye Intermediates	This compound is used in the synthesis of dyes and pigments, particularly in the production of azo dyes. Azo dyes are widely used for coloring textiles, paints, inks, and various other products due to their vibrant and stable colors.

INFRASTRUCTURE FACILITIES:

Availability of Raw Material:

Details of consumption of Raw Material*		As at 31 March, 2023	% of Total	As at 31 March, 2022	% of Total	As at 31 March, 2021	% of Total
(i)	Imported Raw materials	251.00	3.07%	38.46	0.58%	-	-
(ii)	Indigenous Raw materials	7,933.23	96.93%	6,645.45	99.42%	5,718.34	100%
	Total	8,184.23	100.00%	6,683.91	100.00%	5,718.34	100.00%

Human Resource:

We have in our team qualified, technical, skilled and unskilled personnel who are abreast with the updated manufacturing norms. They are committed & dedicated to maintain the specified standard, quality & safety of our products. As on March 31, 2023 we have employed 56 full time employees and 5 workers on contractual basis. We have employed a prudent mix of the experienced staff and youth which gives us the dual advantage.

OUR MANAGEMENT

KEY MANAGERIAL PERSONNEL

Name, Designation & Educational Qualification	Age	Year/period of joining	Compensation paid for F.Y. ended 2022-23 (₹ in Lakhs)	Overall experience	Previous employment
Vrunda Upendra Dattani Designation: Company Secretary and Compliance Officer Educational Qualification– C.S and B.Com	24 years	2023	Nil	No Prior experience	Nil

GOVERNMENT AND OTHER STATUTORY APPROVALS

IV. Approvals obtained in relation to business operations of our Company:

Our Company requires various approvals and/or licenses to carry on our business. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

Sr. No.	Nature of Registration/ License	Registration/ License No.	Applicable Laws	Issuing Authority	Date of Issue	Date of Expiry
5.	SME Certificate	-	-	SME Chamber of India	March 21, 2023	March 20, 2023

VIII. Applications yet to be applied

1. The company shall make an application for updation of following approvals upon purchases of additional plant & machinery to be installed in existing factory premises:
 - a. Consolidated Consent Order and Authorisation From Gujarat Pollution Control Board
 - b. Environment clearance and Consolidated Consent and Authorization from State Level Environment Impact Assessment Authority Gujarat

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Dr. Pravinchandra Jasmat Vasolia Chairman & Managing Director DIN: 02896534	Sd/-

Date: October 12, 2023

Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Kishorkumar Panchabhai Patolia Whole- Time Director DIN: 00320207	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Vallabh Ratanji Savaliya Whole- Time Director DIN: 00155542	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Rutesh Vallabhbhai Savalia Whole- Time Director DIN: 08533056	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Shivam Kishorbhai Patolia Whole- Time Director DIN: 10030825	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Dr. Soumitra Sachipati Banerjee Non- Executive Director DIN: 02796216	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Jasmin Jasmatbhai Patel Independent Director DIN: 03030002	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Insiya Qaidjohar Nalawala Independent Director DIN: 08436102	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Kishankumar Dhirajlal Tilva Independent Director DIN: 09720108	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY:

Name and Designation	Signature
Nikita Kiritbhai Muliya Chief Financial Officer PAN: CLMPM4517M	Sd/-

Date: October 12, 2023
Place: Ahmedabad

DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India or the regulations or guidelines issued by SEBI, 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 Addendum is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Addendum are true and correct.

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER OF OUR COMPANY:

Name and Designation	Signature
Vrunda Upendra Dattani Company Secretary and Compliance officer M.No.: A71974	Sd/-

Date: October 12, 2023
Place: Ahmedabad