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(Please scan this QR Code to view the Addendum to DRHP)



AERON COMPOSITE LIMITED

CIN: U25209GJ2011PLC065419

Our Company was originally incorporated as Private Limited Company in the name of “**Aeron Composite Private Limited**” under the Companies Act, 1956 vide Certificate of Incorporation dated May 13, 2011 issued by, the Registrar of Companies, Gujarat, Dadra and Nagar Havelli with CIN U25209GJ2011PTC065419. Subsequently, pursuant to Special Resolution passed by the Shareholders at the Extra Ordinary General Meeting, held on May 06, 2024 our Company was converted into a Public Limited Company and consequently the name of our Company was changed from “Aeron Composite Private Limited” to “Aeron Composite Limited” vide a fresh certificate of incorporation consequent upon conversion from private company to public company dated June 19, 2024 issued by the Registrar of Companies, Central Processing Centre, bearing CIN U25209GJ2011PLC065419. For further details of Incorporation, change of name and registered office of our Company, please refer to chapter titled “**History and Corporate Structure**” beginning on page 129 of the Draft Red Herring Prospectus.

Registered Office: Saket Ind. Estate, Plot No. 30/31, Sarkhej Bavla Highway, Village Moraiya, Changodar, Ahmedabad- 382213, Gujarat, India,

Tel No: +91 9909988266; **E-mail:** cs@aeroncomposite.com; **Website:** www.aeroncomposite.com;

Contact Person: Vijay Mahendrabhai Dakshini, Company Secretary & Compliance Officer

PROMOTERS OF OUR COMPANY: DILIPKUMAR RATILAL PATEL, CHIRAG CHANDULAL PATEL, PANKAJ SHANTILAL DADHANIYA, RAVI PANKAJKUMAR PATEL AND A. INTERNATIONAL PRIVATE LIMITED

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED JUNE 27, 2024: NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC OFFER OF UPTO 44,88,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH (THE “EQUITY SHARES”) OF AERON COMPOSITE LIMITED (“OUR COMPANY” OR “THE ISSUER”) AT AN ISSUE PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM 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”) AND UPTO [●] EQUITY SHARES AGGREGATING UP TO ₹[●] LAKHS FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREINAFTER) (THE “EMPLOYEE RESERVATION PORTION”). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION AND EMPLOYEE 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 26.37% AND [●] % RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

Potential Bidders may note the following:

1. The Chapter titled “**Risk Factor**” beginning on page 28 of the Draft Red Herring Prospectus has been updated;
2. The Chapter titled “**Objects of the Issue**” beginning on page 80 of the Draft Red Herring Prospectus has been updated;
3. The Chapter titled “**Industry Overview**” beginning on page 96 of the Draft Red Herring Prospectus has been updated;
4. The Chapter titled “**Our Business**” beginning on page 104 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 “**Management’s Discussion and Analysis of Financial Conditions and Results of Operations**” beginning on page 203 of the Draft Red Herring Prospectus has been updated;
7. The Chapter titled “**Government and Other Approvals**” beginning on page 217 of the Draft Red Herring Prospectus has been updated;
8. The Chapter titled “**Declaration**” beginning on page 292 of the Draft Red Herring Prospectus has been updated;

9. 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 Aeron Composite Limited

Sd/-

Place: Ahmedabad, Gujarat

Date: August 06, 2024

Vijay Mahendrabhai Dakshini
Company Secretary & Compliance Officer

BOOK RUNNING LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
		
<p>HEM SECURITIES LIMITED Address: 904, A Wing, Naman Midtown, Senapati Bapat Marg, Elphinstone Road, Lower Parel, Mumbai-400013, Maharashtra, India. Tel. No.: +91- 22- 4906 0000; Email: ib@hemsecurities.com Investor Grievance Email: redressal@hemsecurities.com Website: www.hemsecurities.com Contact Person: Ajay Jain SEBI Registration Number: INM000010981 CIN: U67120RJ1995PLC010390</p>		<p>MAASHITLA SECURITIES PRIVATE LIMITED Address: 451, Krishna Apra Business Square, Netaji Subhash Place, Pitampura-110034, New Delhi, India. Tel No: +91-11-45121795 Email: ipo@maashitla.com Investor Grievance Email: investor.ipo@maashitla.com Contact Person: Mukul Agrawal Website: www.maashitla.com SEBI Registration No.: INR000004370 CIN: U67100DL2010PTC208725</p>
BID/ISSUE PROGRAMME		
ANCHOR PORTION ISSUE OPENS/CLOSES ON*: [●]	BID/ISSUE OPENS ON**: [●]	BID/ISSUE CLOSES ON**: [●] ***

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

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

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

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SECTION III: RISK FACTORS

INTERNAL RISK FACTORS

5. *Our plan relating to establishment of our new manufacturing unit in Mehsana district of Gujarat, is subject to the risk of unanticipated delays in implementation and we may require to temporarily shut down our production operations while shifting to the new manufacturing unit which could have an impact on the production operations of our Company.*

To expand our manufacturing capabilities, we are currently in the process of setting up a new manufacturing unit at Survey No: - 170-174, Village: Jornang, TA-Dist-Mehsana-382732, Gujarat, India, which is owned by the company and where the entire existing set up (i.e. current manufacturing unit) will be shifted for which construction of a part of factory building is already initiated. Our plan remains subject to the potential problems and uncertainties including cost overruns or delays. Problems that could adversely affect our plans include labour shortages, the possibility of unanticipated future regulatory restrictions, incremental pre-operating expenses, taxes and duties, interest and finance charges, working capital margin and other external factors which may not be within the control of our management.

Further, we may be required to temporarily shut down our production operations while shifting to the new manufacturing unit. This could affect our business, cash flows, results of operations, and financial condition until the planned setup at the new unit gets completed and production resumes successfully. There can be no assurance that the proposed set up of our new manufacturing unit will be completed as planned or on schedule, and if they are not completed in a timely manner, or at all, our budgeted costs may be insufficient to meet our requirements and our production may get hampered temporary, which in turn may materially and affect operations of our Company. There can be no assurance that we will be able to complete the set up in accordance with the proposed schedule of implementation and any delay could have an adverse impact on the operations of our Company.

8. *We rely on our in-house designing and engineering team for production of FRP Products. Loss of employee(s) may have an adverse effect on the production of desired quality products which may adversely affect results of our business operations and financial condition.*

We are engaged in the business of manufacturing and supplying of Fiber Glass Reinforce Polymer Products and provide complete solution which includes conceptual design, prototype development, testing, manufacturing, logistic support, installation and after sales service.

Designing is the first step towards final production of our FRP products to make the products as per customer's specifications and requirements. We have an in-house team for designing and engineering which makes us self-reliant on all aspects of our business. We have a team of 07 engineers in designing and engineering to ensure compliance and quality standards laid down by the customers. Additionally, we have a team of 15 employees in our Research & Development department. This team focuses on addressing changing consumer trends and industry developments, developing innovative processes, and enhancing cost and operational efficiencies.

During the execution of our contracts, our design and engineering team designs the pre-engineered FRP products and on the basis of such design the final production of the products is planned. While we ensure that the quality of our design and engineering team is such that it designs the pre-engineered FRP products in the most efficient manner, however, there is no assurance that our competitors will not be able of increase the designing efficiency of pre-engineered FRP products by using latest technology. Any failure in designing of the product in the cost-efficient manner, would reduce our margins and would materially and adversely affect our profitability.

Our ability to effectively design, execute and manage contacts is crucial to our continued success. We understand that maintaining quality, minimizing costs and ensuring timely completion of our products depends largely on the skill and workmanship of our employees. As competition for qualified personnel increases, it is difficult to retain highly skilled and trained employee by any organization. Replacement of such employees is difficult and may require time to find and employ a suitable replacement. Although we have not experienced any significant disruptions at our manufacturing unit in the past due to loss of such employees, we cannot assure that there will not be any disruptions in our operations in the future due to loss of skilled employees from our designing, engineering and R&D teams which may affect our ability and capability to execute projects and may also affect our growth prospects.

9. *Under-utilization of our manufacturing capacities and an inability to effectively utilize our existing manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.*

Our capacity utilization levels are dependent on our ability to carry out uninterrupted operations at manufacturing unit as well as on the market demand of the products sold by us. Among others, the capacity utilization also depends upon the availability of raw materials, labour, industry/ market conditions and procurement practice followed by our customers. For the period ending February 29, 2024 and in Fiscals 2023, 2022 and 2021, our overall capacity utilization is detailed below:

(In '000)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	For period ended February 29, 2024*
Installed Capacity (KG)	14549.68	14549.68	16503.37	17274.56
Actual Production (KG)	4570.38	6329.71	8905.96	10592.08
Capacity Utilization (in %)	31.41%	43.50%	53.96%	61.32%

*For 11 Month Period

Above capacity utilisation has been certified by M/s. Dinesh P. Jani, Chartered Engineer, vide capacity utilisation certificate dated June 24, 2024.

In the event we are unable to achieve considerable capacity utilization of our current manufacturing unit, it would result in operational inefficiencies which could have a material adverse effect on our business, results, financial condition and future prospects. Under-utilization of our manufacturing capabilities over extended periods, or significant under-utilization in the short-term, could materially and adversely impact our business, growth prospects and future financial performance.

10. Our Company is in the process of making application for change in name in some of the permits, licenses and approvals, which are under Company's former name. Failure to update the same in a timely manner may adversely affect our operations and financial conditions.

Our Company is in the process of making application for change in name of the company consequent to conversion of the company, in some of the permits, licenses and approvals, which are under Company's former name. For some licenses and approvals, applications are already made by the company, which are under process and for some, company is yet to make the application.

• **Licenses/ Approvals which are applied by Company consequent to conversion of the Company and are pending for approval:**

Sr. No.	Nature of Registration/ License	Application Status
1.	Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Application Dated July 05, 2024
2.	Registration under Employees' State Insurance Corporation (ESIC)	Application Dated July 05, 2024
3.	Factory License	Application Dated August 01, 2024

• **Licenses/ Approvals which are yet to be applied by Company consequent to conversion of the Company:**

1. Authorized Economic Operator MSME Certificate (Importer & Exporter)
2. Consolidated Consents and Authorisation (CC&A)
3. Renewal of Recognition of In-House R&D Unit

There can be no assurance that the relevant authorities will approve and issue updated licenses in new name in a timely manner, or at all. In the event of any unanticipated delay in receipt of such approvals in new name, the proposed capacity expansion plan may extend and any such delay could have an adverse impact on our growth, prospects, cash flows and financial condition.

14. Excessive dependence on HDFC Bank Limited and Yes Bank Limited in respect of loan facilities obtained by our Company.

Our company has been sanctioned credit facilities by HDFC Bank Limited and Yes Bank Limited and the Company is dependent on such facility for meeting its working capital requirements and other funding requirements. Any default under such arrangement with such lender may create problem for operation of the Company, which may affect the financial stability of the Company. At the same time this may result into difficulty in arranging for funds for re-payment and may also adversely affect the financial position of the Company. For further details regarding loans availed by our Company, please refer "**Statement of Financial Indebtedness**" on page 200 of this Draft Red Herring Prospectus.

19. The Promoters (including Promoter Group) and Directors hold almost 100% of the Equity Shares of our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.

Our Promoter and Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company or their relatives, dividend entitlement, or loans advanced by them to the Company, and benefits deriving from the directorship in our Company. There can be no assurance that our Promoter will exercise their

rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. For further information, please refer to the chapters/section titled “*Our Business*”, “*Our Promoter and Promoter Group*” and “*Note 26 - Related Party Transactions*”, beginning on pages 112, 147 and 190 respectively of this Draft Red Herring Prospectus.

45. We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. Although, we have not faced any such instance in the past, there can be no assurance that we will be able to detect or deter such misconduct in future. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

49. Any Penalty or demand raised by statutory authorities in future will affect our financial position of the Company.

We specialize in the manufacture and supply of FRP products which attracts tax liability such as Goods and Service tax and Income tax as per the applicable provisions of Law. We are also subject to the labour laws like depositing of contributions with Provident Fund, ESI etc. Any demand or penalty raised by the concerned authority in future for any previous year and current year will have an additional liability. For instance, our company in the past had delayed filing of GST Returns due to operational reasons and accordingly, late fees and penalties were paid on the same. Any demand or penalty raised by the concerned authority for such late filing may affect the financial position of the company.

OBJECTS OF THE ISSUE

Details of Utilization of Net Proceeds

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

1. Funding the Capital Expenditure requirements towards setting up of an additional manufacturing unit

As on the date of this Draft Red Herring Prospectus, existing manufacturing unit of our company is located at Saket Industrial Estate, Plot no. 30/31, Sarkhej-bavla highway, village moraiya, Changodar, Ahmedabad-382213, Gujarat, India admeasuring the total area of 26320 sq. mtr.

To expand our manufacturing capabilities, we are currently in the process of setting up a new manufacturing unit at Survey No: - 170-174, Village: Jornang, TA-Dist-Mehsana-382732, Gujarat, India. admeasuring the total area of 51,671 sq. mtr, which is owned by the company and where the entire existing set up (i.e. current manufacturing unit) will be shifted for which construction of a part of factory building of approx. 15,530 sq. Mtr. is already initiated, which is funded from company's own funds along with borrowings from Bank.

Apart from this, we intend to utilize a part of the Net Proceeds amounting to Rs. 3557.26 Lakhs for meeting Capital Expenditure requirements towards setting up remaining part of this abovementioned new manufacturing unit, vide our Board meeting dated June 22, 2024, where we will manufacture new products such as FRP Rebars and Carbon Fiber Reinforced Polymer (CFRP) products including CFRP Core Rods, CFRP Planks for Wind Blades, CFRP Pultruded Profiles and Moulded Parts etc. Such capital expenditure will include Building and Civil Works in approx. 9750 sq. mtr. along with purchase of plant & machineries and Installation of Solar Power-plant.

This strategic step is driven by our objective of maximizing operational efficiency and reaping various economies of scale. At the proposed additional manufacturing unit, along with existing products, we will manufacture FRP Rebars and Carbon Fiber Reinforced Polymer (CFRP) products including CFRP Core Rods, CFRP Planks for Wind Blades, CFRP Pultruded Profiles and Moulded Parts etc. which is recognized for its strength, lightweight properties and durability.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds, for setting up of manufacturing unit, as described herein are based on our current business plan, current and valid quotations from suppliers, and other commercial and technical factors. However, such total estimated cost and related fund requirements have not been appraised by any bank or financial institution or any other independent agency as on the date of this Draft Red Herring Prospectus.

Objectives of Capital Expenditure towards setting up of an additional manufacturing unit is as follows:

- **Expansion of our operational capacity:** To cater to the growing demand from our existing customers and to meet requirements of new customers, we intend to expand manufacturing activities for existing products like FRP Moulded Gratings, FRP Rod for Optic Fibre cable etc. upto 70% to 75% of total installed capacity.
- **Widen our product portfolio:** Our Company aims to expand and diversify our product portfolio by increasing its product base and introducing new range of product lines. We plan to enter into manufacturing activities in order to capture future growth trends. We intend to explore opportunities to expand our operations by developing new products in our additional manufacturing unit which include FRP Rebars, CFRP Core Rods, CFRP Planks for Wind Blades, CFRP Pultruded Profiles and Moulded Parts etc., expected installed capacity of which is 3,00,000 kg p.a. for FRP Rebars and 1,43,800 kg p.a. for CFRP products. We believe that maintaining a variety in range of products in our business provides us with an opportunity to cater to diverse needs of different customer segment.

Building and Civil Works

Our company undertakes to file necessary applications with the relevant authorities to obtain all approvals, as applicable at the relevant stages, including but not limited to those mentioned below:

S. No.	Nature of License/ Approval/ NOCs	Applicable Laws	Name of Authority	Expected timeline to make the Application
1	License to work at proposed manufacturing unit	Factories Act, 1948	Director, Industrial Safety & Health, Gujarat State	September 2024
2	Consent to Establish (CTE)	Water (Prevention and control of pollution) Act-1974, Air Water (Prevention and control of pollution) Act- 1981, Hazardous and other Wastes Management and Trans Boundary Movement) Rules, 2016 and Environment Protection Act, 1986	Gujarat Pollution Control Board (GPCB)	September 2024
3	Consolidated Consents and Authorization (Consent to Operate)	Water (Prevention and control of pollution) Act-1974, Air Water (Prevention and control of pollution) Act- 1981, Hazardous and other Wastes Management and Trans Boundary Movement) Rules, 2016 and Environment Protection Act, 1986	Gujarat Pollution Control Board (GPCB)	September 2024
4	NOC stipulating fire protection and fire-fighting requirements	Gujarat Fire Prevention and Life Safety Measures Act 2013	Mehsana Fire Safety Division	August 2024

Installation of Solar Power Plant

In line with our continued focus for cost optimization and improvement in profitability, our Company intends to install solar power plant taking into consideration the power requirements, hence, to reduce the cost of electricity, we intend to install the solar power plant which will help us in improving profitability by generating approx. 34.00 lakh power units p.a., thus, resulting in cost saving to the company.

Our Company recognizes the importance of sustainability and environmental stewardship and aims transition towards renewable energy sources to power its operations. The Proposed Solar Power plant is expected to have 2400 KW capable of generating clean energy to meet a significant portion of the Company's electricity requirements. Our Company intends to utilise Rs. 731.65 lakhs towards Capital Expenditure for installation of Solar Power Plant. Installation of Solar Power Aligns with our goal of reducing carbon emissions and promoting renewable energy sources.

Other confirmations relating to the proposed expansion:

Particular	Estimated month of	
	Commencement	Completion
Building and Civil Works including installation of solar power plant	September, 2024	September, 2025
Order of Machinery	Upto April, 2025	
Delivery of Machinery	Upto September, 2025	
Installation of Plant & Machinery	October, 2025	
Trial Run	November, 2025	
Commercial Operation	December, 2025	

As certified by Dinesh P. Jani, Chartered Engineer vide certificate dated June 24, 2024

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:

(₹ In Lakhs)

S. No.	Particulars	Amount to be deployed and utilized in	
		F.Y. 2024-25	F.Y. 2025-26
1.	Funding the Capital Expenditure requirements towards setting up of additional manufacturing unit	1235.84	2321.42
2.	General Corporate Purpose	[•]	[•]
	Total	[•]	[•]

To the extent our Company is unable to utilize any portion of the Net Proceeds in F.Y. 2024-25 towards the Objects, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Year i.e. F.Y. 2025-26 towards the Objects.

SECTION V – ABOUT THE COMPANY
INDUSTRY OVERVIEW

COMPOSITE MATERIAL:

Global Market Size:

The market for Fibre Reinforced Polymer (FRP) Rebars is anticipated to increase at a CAGR of 10.2% from 2022 to 2028, from an estimated value of US\$215.88 million in 2021 to US\$421.02 million.

Carbon fibre will be the dominant composites material through 2031, when the value of the global market for all composites is forecast to reach \$88.7 billion, an increase from \$34 billion in 2021 that represents a compound annual growth rate (CAGR) of 10.2 percent from 2022 to 2031.

Indian Market:

In India, the demand for FRP is increasing quickly and is expected to do so in the near future. The key drivers of its increase are the country's increasing building infrastructure and the expanding structure development conditions. Because of this, more and more architects, engineers, and builders are specifying FRP rebar for their systems. Manufacturers of FRP rebar product outfits now have a fantastic opportunity to grow their companies or kick-start their activities in India.

The Indian Brand Equity Foundation (IBEF) predicts that India's construction industry will expand at a CAGR of 20%. This is due to increased expenditures in infrastructure development systems, such as smart cities, highways and roads, airports, and trains, made by both public and private parties.

Carbon fibre composites provide many properties that end-users find attractive, notably, high corrosion resistance, low thermal expansion and exceptional durability. They are broadly used in the production of aerospace and defence parts, wind energy turbines and may become staples of electric vehicles.

Source: <https://www.niir.org/blog/world-of-frp-rebar-production/>

Source: <https://www.plasticsengineering.org/2023/09/advanced-composites-will-be-88-7-billion-market-in-2031-001807/#>

OUR BUSINESS

OUR MANUFACTURING PROCESS

Manufacturing Process for FRP Pultruded Products

1. **Purchase, preparation & feeding of Raw Material:** Raw material for production of FRP Pultruded Products majorly includes fibreglass roving, fibreglass mats and resins. For procurement of raw materials, the company requests for price quotations from its various suppliers (imported or domestic) through mail, calls and WhatsApp. After receiving the price quotations, company compares the rates received from such suppliers and accordingly issues Purchase Order to the suppliers. Once inward material is checked and approved by material quality check department, fibreglass roving and mat is feeded into the machinery through the performing guides and go through a wet-out bath for resin impregnation. The type of resin used can vary depending on the desired properties of the final product, such as strength, flexibility, or resistance to chemicals.

Manufacturing Process for FRP Moulded Gratings:

1. **Purchase of Raw Material:** The process begins with the purchase of raw material which majorly includes Fibreglass rovings and liquid resins. For procurement of raw materials, the company requests for price quotations from its various suppliers (imported or domestic) through mail, calls and WhatsApp. After receiving the price quotations, company compares the rates received from such suppliers and accordingly issues Purchase Order to the suppliers.

Manufacturing Process for FRP Rods

1. **Raw Material Selection:** The process begins with selecting raw materials, including fibreglass strands and resin. For procurement of raw materials, the company requests for price quotations from its various suppliers (imported or domestic) through mail, calls and WhatsApp. After receiving the price quotations, company compares the rates received from such suppliers and accordingly issues Purchase Order to the suppliers.

PRODUCTION AND INSTALLED CAPACITY:

(Kg In '000)

Particulars	FY 2020-21	FY 2021-22	FY 2022-23	For period ended February 29, 2024*
Installed Capacity (KG)	14549.68	14549.68	16503.37	17274.56
Actual Production (KG)	4570.38	6329.71	8905.96	10592.08
Capacity Utilization (in %)	31.41%	43.50%	53.96%	61.32%

*For 11 Month Period

Above capacity utilisation has been certified by M/s. Dinesh P. Jani, Chartered Engineer, vide capacity utilisation certificate dated June 24, 2024.

OUR MANAGEMENT

Brief Profile of Directors:

- 1. Dilipkumar Ratilal Patel**, is Promoter, Chairman and Non-Executive Director of our Company. He has been associated with the Company since incorporation. He passed Bachelor of Commerce (1st year) from Saurashtra University in 1975. He has overall work experience of more than 39 years in many industries including paint industry, ceramic industry, real estate sector and composite industry. Out of total experience of 39 years, he has an experience of 13 years in the composite industry. He has looked after business development, management and financial aspects during his entire tenure and currently, he is playing a vital role in formulating business strategies and effective implementation of the same along with management of Human Resources and CSR activities.
- 2. Chirag Chandulal Patel**, is Promoter and Managing Director of our Company. He completed his Higher Secondary education (12th) from Gujarat Secondary and Higher Secondary Board in 2005. He has an overall work experience of over 13 years in packaging, food and composite industry. Out of total experience of 13 years, he has an experience of 03 years in the composite industry since 2021 when he joined our company. He has looked after production operations during his entire tenure and currently looks after the complete production and operation activities of the company which includes vendor management, complete business operations and after sales services in the company.
- 3. Pankaj Shantilal Dadhaniya**, is Promoter and Whole Time Director of our Company. He has been associated with the Company since incorporation. He completed his Master of Business Administration (MBA) from University of Pune in 1997. He has an overall work experience of more than 19 years in many industries including ceramic industry, food industry, engineering sector, real estate sector and composite industry. Out of total experience of 19 years, he has an experience of 13 years in composite industry. He has been well versed with business development, finance and related activities during his entire tenure and currently he is looking after overall finance and secretarial activities in the company and providing his guidance to the team on a day-to-day basis.
- 4. Ravi Pankajkumar Patel**, is Promoter and Whole Time Director of our Company. He completed his Master of Business Administration (Family Business & Entrepreneurship) from Nirma University, Ahmedabad in 2011. He has an overall work experience of more than 13 years in the food, packaging and composite industry. Out of total experience of 13 years, he has an experience of 10 years in the composite industry since 2014. During his tenure he has managed sales and marketing activities and currently he is looking after business planning, development, sales and marketing activities in our company.
- 5. Poonam Neelendu Savalia**, is an Independent Director of our Company. She completed Bachelor of Arts from Saurashtra University in 1995. She has a work experience of 10 years in the manufacturing industry and has taken care of various activities in her tenure such as overall business development and strategy including product innovation, marketing, client relationship management etc.

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

For the Period ended February 29, 2024 (Based on Restated Financial Statements)

Restated profit after tax:

The Company reported Restated profit after tax for the period ending February 29, 2024 of Rs. 942.23 Lakhs as there has been a drastic fall in company's Freight outward and export expenses from Rs. 849.31 Lakhs in FY 2022-23 to Rs. 384.26 Lakhs in stub period, representing a decrease of 121.02%.

The freight expenses experienced a significant surge during the onset of the COVID-19 pandemic, driven by disruptions in global supply chains and heightened logistical challenges, causing shipping rates to escalate sharply. The prolonged effects of these disruptions contributed to a sustained period of high shipping costs. Gradually, as the industry adapted and conditions improved, freight expenses eventually returned to more normalized levels. This stabilization marked a significant shift from the turbulence experienced during the peak of the pandemic, allowing businesses to regain a sense of predictability in their logistical expenditures. Thus, the freight outward and other export expenses reduced in FY 2024, resulting into an increased PAT and PAT margin in stub period.

Financial Year 2023 Compared to Financial Year 2022 (Based on Restated Financial Statements)

Restated profit for the year:

The Company reported Restated profit after tax for the financial year 2022-23 of Rs. 661.15 Lakhs in comparison to Rs. 362.12 lakhs in the financial year 2021-22. The increase of 82.58% was majorly due to factors mentioned above.

Even while turnover increased substantially, increase in PAT margin is not in line with such increase in revenue of the company as company suffered bad-debts in FY 2023 up to Rs. 162.60 lakhs along with increase in employee benefit expenses from Rs. 666.99 Lakhs in FY 2022 to Rs. 1149.65 lakhs in FY 2023.

GOVERNMENT AND OTHER APPROVALS

Registered Office and Manufacturing Unit: Saket Ind. Estate, Plot No. 30/31, Sarkhej Bavla Highway, Village Moraiya, Changodar, Ahmedabad- 382213, Gujarat, India

Sr. No.	Nature of Registration/ License	Registration/ License No.	Applicable Laws	Issuing Authority	Date of Issue/ Renewal
1.	Permanent Account Number	AAJCA5031D	Income Tax Act, 1961	Commissioner of Income Tax	May 13, 2011 Renewed on June 29, 2024
2.	Tax Deduction and Collection Account Number (TAN)	AHMA10860D	Income Tax Act, 1961	Income Tax Department	June 23, 2011 Renewed on July 11, 2024
3.	GST Registration Certificate	24AAJCA5031D1Z8	Central Goods and Services Tax Act, 2017	Government of India	Issued on December 07, 2017, Last updated on July 01, 2024
4.	Certificate of Importer – Exporter Code (IEC)	0811006972	Foreign Trade (Development & Regulation) Act, 1992	Directorate General of Foreign Trade, Ministry of Commerce and Industry	June 21, 2011 Renewed on July 01, 2024
5.	Udyam Registration Certificate (Medium scale)	UDYAM-GJ-01-0009705	Micro, Small and Medium Enterprises Development Act, 2006	Ministry of Micro, Small and Medium Enterprises	September 02, 2020 Renewed on July 01, 2024
6.	Registration Cum Membership Certificate	AHD/147/2019-2020	Foreign Trade Policy, 2023	Federation Of Indian Export Organisations (Gujarat Chapter – Ahmedabad)	March 26, 2024 Renewed on July 09, 2024
7.	LEI Certificate	335800A7RRMEYUJ3M310	Payment and Settlement Act, 2007	Legal Entity Identifier India Limited	December 14, 2018 Last updated on July 16, 2024

Marketing Unit: 309, 3rd Floor, Devarc Commercial Complex, Iscon Cross Road, S.G. highway, Ahmedabad-380015, Gujarat, India.

Sr. No.	Nature of Registration/ License	Registration/ License No.	Applicable Laws	Issuing Authority	Date of Renewal
1.	Professional Tax Enrolment Certificate	PEC010750086874	Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976	Professional Tax Department	May 28, 2024 Renewed on July 10, 2024
2.	Professional Tax Registration Certificate	PRC010750000843	Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976	Professional Tax Department	May 28, 2024 Renewed on July 10, 2024
3.	Registration Certificate	PII/PRNTR/10177/0278742	Gujarat Shop and Establishment Act, 2019, Establishments (Regulation of Employment and Conditions of Service) Act, 2019	Assistant Manager, Shop and Establishment Department	May 28, 2024 Renewed on July 10, 2024

• **Licenses/ Approvals which are applied by Company consequent to conversion of the Company and are pending for approval:**

Sr. No.	Nature of Registration/ License	Application Status
1.	Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Application Dated July 05, 2024
2.	Registration under Employees' State Insurance Corporation (ESIC)	Application Dated July 05, 2024
3.	Factory License	Application Dated August 01, 2024

• **Licenses/ Approvals which are yet to be applied by Company consequent to conversion of the Company:**

1. Authorized Economic Operator MSME Certificate (Importer & Exporter)
2. Consolidated Consents and Authorisation (CC&A)
3. Renewal of Recognition of In-House R&D Unit

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 Draft Red Herring Prospectus 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Dilipkumar Ratilal Patel Chairman & Non-Executive Director DIN: 00314623	Sd/-

Date: August 09, 2024

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 Draft Red Herring Prospectus 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Chirag Chandulal Patel Managing Director DIN: 03380703	Sd/-

Date: August 09, 2024

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 Draft Red Herring Prospectus 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Pankaj Shantilal Dadhaniya Whole Time Director DIN: 02100802	Sd/-

Date: August 09, 2024

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 Draft Red Herring Prospectus 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Ravi Pankajkumar Patel Whole Time Director DIN: 03427590	Sd/-

Date: August 09, 2024

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 Draft Red Herring Prospectus 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Naveen Kumar Mandovara Independent Director DIN: 02817059	Sd/-

Date: August 09, 2024

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 Draft Red Herring Prospectus 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

Name and Designation	Signature
Poonam Neelendu Savalia Independent Director DIN: 06791412	Sd/-

Date: August 09, 2024

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 Draft Red Herring Prospectus 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY:

Name and Designation	Signature
Sanjaykumar Jyestharam Oza Chief Financial Officer PAN: AAKPO8683P	Sd/-

Date: August 09, 2024

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 Draft Red Herring Prospectus 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 Draft Red Herring Prospectus are true and correct.

SIGNED BY THE COMPANY SECRETARY OF OUR COMPANY:

Name and Designation	Signature
Vijay Mahendrabhai Dakshini Company Secretary & Compliance officer M. No.: A34688	Sd/-

Date: August 09, 2024

Place: Ahmedabad