DRAFT RED HERRING PROSPECTUS
Dated: January 16, 2024
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Read with Section 32 of the Companies Act, 2013
100% Book Built Issue

(Please scan this QR Code to view the DRHP)

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

Corporate Identity Number: U29309RJ2017PLC058905

Registered and Corporate Office	Contact Person	Email and Telephone	Website
Plot No. F - 46, 47, 48, 49 EPIP, RIICO Industrial Area, Neemrana, Alwar Rajasthan-301705, India	Mr. Praveen Kumar Company Secretary and Compliance Officer	**Email**: cs@krnheatexchanger.com **Tel No**: +91 – 9257025440	**Website:** www.krnheatexchanger.com

PROMOTERS OF OUR COMPANY
MR. SANTOSH KUMAR YADAV AND MRS. ANJU DEVI

DETAILS OF THE ISSUE				
Type	**Fresh Issue Size (In Lakh)**	**Offer For Sale Size**	**Total Issue Size**	**Eligibility**
Fresh Issue	Fresh Issue of up to 1,93,05,000 Equity Shares of face value of ₹ 10/- each aggregating up to ₹ [●] Lakhs	NIL	Aggregating up to ₹ [●] Lakhs	Our Company is eligible for the Issue in accordance with Regulation 6(1) of the SEBI ICDR Regulations, 2018 as amended from time to time. For details in relation to reservation among Qualified Institutional Buyers, Non- Institutional Investors and Retail Individual Bidders, please see the section entitled ***"Issue Structure"*** on page 395.

DETAILS OF OFFER FOR SALE			
NAME OF SELLING SHAREHOLDER	**TYPE**	**NUMBER OF SHARES OFFERED/ AMOUNT (In ₹)**	**WEIGHTED AVERAGE COST OF ACQUISITION (IN ₹)**
NOT APPLICABLE			

RISK IN RELATION TO THE FIRST ISSUE

The Face value of the Equity Shares is ₹ 10/- each. The Floor Price, Cap Price and Issue Price determined by our Company in consultation with the Book Running Lead Manager ("**BRLM**"), on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under ***"Basis for Issue Price"*** on page 133, should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (**"SEBI"**), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to ***"Risk Factors"*** on page 33.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on the Stock Exchanges being BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**" together with **BSE**, the "**Stock Exchanges**") in terms of the Chapter II of the SEBI (ICDR) Regulations, 2018 as amended from time to time. For the purpose of this Issue, the Designated Stock Exchange will be the [●].

DETAILS OF THE BOOK RUNNING LEAD MANAGER		
Name and Logo	**Contact Person**	**Email and Telephone**
Holani Consultants Private Limited	Mrs. Payal Jain	**Email:** ipo@holaniconsultants.co.in **Tel.:** +91 0141 – 2203996

DETAILS OF THE RGISTRAR TO THE ISSUE		
Name and Logo	**Contact Person**	**Email and Telephone**
Bigshare Services Private Limited	Mr. Babu Rapheal C.	**Email:** ipo@bigshareonline.com **Tel.:** +91 22-62638200

BID/ISSUE PERIOD		
ANCHOR INVESTOR BID / ISSUE PERIOD: [●]*	**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.*

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

DRAFT RED HERRING PROSPECTUS
Dated: January 16, 2024
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Read with Section 32 of the Companies Act, 2013
100% Book Built Issue

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

Our Company was incorporated as "**KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED,** a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated **August 25, 2017** issued by Central Registration Centre, Manesar. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on **March 17, 2023**, and consequently, the name of our Company was changed to "**KRN Heat Exchanger and Refrigeration Limited"** by deletion of the word 'Private'. A fresh certificate of incorporation consequent upon conversion from private company to public company dated **April 03, 2023**, was issued by the Registrar of Companies, Jaipur, Rajasthan to our Company bearing Corporate Identification Number "**U29309RJ2017PLC058905"**. For details of Incorporation, change of name and registered office of our company, please refer to chapter titled "***History and Certain Corporate Matters***" beginning on page 228.

Registered and Corporate Office: Plot No. F - 46, 47, 48, 49 EPIP, RIICO Industrial Area, Neemrana, Alwar Rajasthan-301705, India
Tel. No.: +91 – 9257025440, **E-mail**: cs@krnheatexchanger.com **Website**: www.krnheatexchanger.com
Contact Person: Mr. Praveen Kumar, Company Secretary and Compliance Officer

PROMOTERS OF OUR COMPANY

Mr. Santosh Kumar Yadav and Mrs. Anju Devi

THE ISSUE

INITIAL PUBLIC ISSUE OF UP TO 1,93,05,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE), AGGREGATING UPTO ₹ [●] LAKHS ("THE ISSUE"). THE ISSUE WILL CONSTITUTE [●] % OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. OUR COMPANY, IN CONSULTATION WITH THE BRLM, MAY CONSIDER A PRE-IPO PLACEMENT OF UP TO 4,77,990 EQUITY SHARES FOR CASH CONSIDERATION AGGREGATING UP TO ₹ [●] LAKHS, AT ITS DISCRETION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT"). IF THE PRE-IPO PLACEMENT IS COMPLETED, THE ISSUE SIZE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO THE ISSUE COMPLYING WITH RULE 19(2)(b) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED ("SCRR").

THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], THE ENGLISH NATIONAL NEWSPAPER, ALL EDITIONS OF [●], THE HINDI NATIONAL NEWSPAPER AND [●] EDITIONS OF [●], THE REGIONAL NEWSPAPER, (HINDI BEING THE LOCAL LANGUAGE OF RAJASTHAN, WHERE OUR REGISTERED AND CORPORATE OFFICE IS SITUATED), EACH WITH WIDE CIRCULATION, AT LEAST 2 (TWO) WORKING DAYS PRIOR TO THE BID/ ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE" TOGETHER WITH "BSE", THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SEBI ICDR REGULATIONS.

In case of any revision in the Price Band, the Bid / Issue Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid / Issue Period not exceeding 10 working days. in cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLM, for reasons to be recorded in writing, extend the Bid / Issue Period for a minimum of three Working Days, subject to the Bid / Issue Period not exceeding 10 working days. any revision in the Price Band and the revised Bid / Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLM and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries and the Sponsor Bank.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH AND THE ISSUE PRICE OF ₹ [●] EACH IS [●] TIMES OF THE FACE VALUE OF THE EQUITY SHARES

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (SEBI ICDR Regulations) and in compliance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs** and such portion, the "**QIB Portion**"), provided that our Company in consultation with the BRLM, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**"), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors ("**Anchor Investor Allocation Price**"), in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (excluding the Anchor Investor Portion) ("**Net QIB Portion**"). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price. The Equity Shares available for allocation to Non-Institutional Bidders under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 2.00 Lakhs and up to ₹ 10.00 Lakhs, and (ii) two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 10.00 Lakhs, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Bidders. All potential Bidders (except Anchor Investors) are mandatorily required to utilise the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA accounts and UPI ID in case of UPI Bidders using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs") or by the Sponsor Banks under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Issue through the ASBA Process. For details, see "***Issue Procedure***" on page 399.

RISK IN RELATION TO FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The Face value of the Equity Shares is ₹ 10/-. The Floor Price, Cap Price and Issue Price determined by our Company in consultation with the Book Running Lead Manager ("**BRLM**"), on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under ***"Basis for Issue Price"*** on page 133 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India (**"SEBI"**), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to ***"Risk Factors"*** on page 33.

ISSUER'S ABSOLUTE RESPONSIBILTY

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

LISTING

The Equity Shares to be Allotted through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered to the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Issue Closing Date, see "***Material Contracts and Documents for Inspection***" on page 445.

BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
HOLANI CONSULTANTS PRIVATE LIMITED 401 – 405 & 416 – 418, 4th Floor, Soni Paris Point, Jai Singh Highway, Bani Park, Jaipur – 302016 **Tel.:** +91 0141 – 2203996 **Website:** www.holaniconsultants.co.in **Email:** ipo@holaniconsultants.co.in **Investor Grievance ID:** complaints.redressal@holaniconsultants.co.in **Contact Person:** Mrs. Payal Jain **SEBI Registration No.:** INM000012467	**BIGSHARE SERVICES PRIVATE LIMITED** Office No. S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Center, Mahakali Caves Road, Andheri (East), Mumbai – 400093 **Tel:** +91 22-6263 8200 **Fax:** +91 22-6263 8299 **Website:** www.bigshareonline.com **Email:** ipo@bigshareonline.com **Investor Grievance ID:** investor@bigshareonline.com **Contact Person:** Mr. Babu Rapheal C. **SEBI Registration Number:** INR000001385

ISSUE PROGRAMME

ANCHOR INVESTOR BID / ISSUE PERIOD: [●]*	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.*
*** UPI mandate end time and date shall be at 5:00 p.m. on the Bid/Issue Closing Date.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

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

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the same meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder. Notwithstanding the foregoing, the terms used in chapters titled "**Industry Overview**", "**Key Regulations and Policies**", "**Statement of Special Tax Benefits**", "**Restated Financial Information**", "**Basis for Issue Price**", "**History and Certain Corporate Matters**", "**Financial Indebtedness**", "**Other Regulatory and Statutory Disclosures**", "**Outstanding Litigations and Material Developments**" and "**Description of Equity Shares and Terms of the Articles of Association**" beginning on pages 147, 216, 142, 260, 133, 228, 330, 372, 359 and 426, respectively, shall have the meaning ascribed to them in the relevant section.*

General Terms

Term	Description
"Our Company", "the Company", "KRN" or "the Issuer"	KRN Heat Exchanger and Refrigeration Limited, a company incorporated under the Companies Act, 2013 and having its Registered Office situated at Plot No. F-46, 47, 48, 49 EPIP, RIICO Industrial Area Neemrana, Alwar, Neemrana, Rajasthan-301705, India.
"We" or "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company.

Company Related Terms

Term	Description
"Articles" or "Articles of Association" or "AoA"	Articles of association of our Company, as amended from time to time.
"Audit Committee"	Audit committee of our Board constituted in accordance with SEBI Listing Regulations and Companies Act. For details see Chapter titled "***Our Management***" on page 233.
"Auditor" or "Statutory Auditor"	The statutory auditor of our Company, being **M/s Keyur Shah & Co.,** Chartered Accountants.
"Bankers to the Company"	Such banks which are disclosed as Bankers to the Company in the chapter titled "***General Information***" on page 87.
"Board" or "Board of Directors"	The board of directors of our Company, as constituted from time to time, including any duly constituted committees thereof.
"Chairman" or "Chairperson"	Chairman of Board of Directors of our Company being **Mr. Santosh Kumar Yadav.** For details see chapter titled **"*Our Management*"** on page 233.
"Chief Financial Officer" or "CFO"	Chief Financial Officer of our Company being **Mr. Sonu Gupta.** For details see chapter titled **"*Our Management*"** on page 233.
"Corporate Identification Number" or "CIN"	Corporate Identification Number of our Company being **U29309RJ2017PLC058905**, unless otherwise specified.
"Company Secretary and Compliance Officer"	Company secretary and compliance officer of our Company being **Mr. Praveen Kumar.** For details see chapter **"*Our Management*"** on page 233.

Term	Description
"Corporate Social Responsibility Committee"	Corporate social responsibility committee of our Board constituted in accordance with Companies Act. For details see Chapter titled "***Our Management***" on page 233.
"Debt/EBITDA Ratio"	Calculated as total Debts (includes long term and short-term borrowings) divided by EBITDA.
"Director(s)"	Directors on our Board, as appointed from time to time.
"Earnings per Share (Basic)"	Calculated as Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of Equity Shares outstanding during the year/period.
"Earnings per Share (Diluted)"	Calculated from Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of diluted Equity Shares outstanding during the year/period.
"EBITDA"	EBITDA is calculated as profit for the year/ period, plus tax expenses (consisting of current tax, deferred tax and current taxes relating to earlier years), finance costs and depreciation and amortization expenses, less other income.
"EBITDA Margin (%)"	Calculated as EBITDA divided by Revenue from Operations.
"Equity Shares"	Equity shares of our Company of face value of ₹ 10/- each.
"Equity Shareholders" or "Shareholders"	Persons/ Entities holding Equity Shares of our Company.
"Executive Director"	Executive director of our Company. For details see Chapter titled "***Our Management***" on page 233.
"Financial Statements as Restated" or "Restated Financial Information"	Restated Financial Information of our Company included in this Draft Red Herring Prospectus comprising the Restated Consolidated Information of Assets and Liabilities of our Company for the period ended on September 30, 2023 and the Restated Consolidated Information of Profit and Loss of our Company (including other comprehensive income), the Restated Consolidated Information of Changes in Equity, the Restated Consolidated Information of Cash Flow for the period ended on September 30, 2023 and Restated Standalone Information of Assets and Liabilities of our Company for the Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 and the Restated Standalone Information of Profit and Loss of our company (including other comprehensive income), the Restated Standalone Information of Changes in Equity, the Restated Standalone Statement of Cash Flow for the Financial Year ended on March 31, 2023, March 31, 2022 and March 31, 2021, the summary statement of significant accounting policies and other explanatory information (collectively, the Restated Financial Information) each prepared in accordance with the Companies Act, Ind AS and Guidance Note on Reports in Company Prospectus (Revised 2019) issued by ICAI, and restated in accordance with SEBI ICDR Regulations, included in the chapter titled ***"Restated Financial Information"*** beginning on page 260.
"Group Company" or "Group Companies"	The group companies of our Company in accordance with the SEBI ICDR Regulations. For details, see "***Our Group Company***" beginning on page 256.
"Gross Profit"	Calculated as Revenue from Operations less Cost of Materials consumed, Purchase of Traded goods, Manufacturing Expenses, Changes in inventories of finished goods and work-in-progress.
"Gross Profit Margin (%)"	Calculated as Gross Profit divided by Revenue from Operations.
"Growth in Revenue from Operations (%)"	A percentage of Revenue from Operations of the relevant period/year minus Revenue from Operations of the preceding period/year, divided by Revenue from Operations of the preceding period/year.
"Independent Directors"	Non-Executive, Independent directors of our Board appointed as per Companies Act and SEBI Listing Regulations. For details, see chapter titled "***Our Management***" beginning on page 233.
"Inventory Turnover Days"	Calculated as average inventory as at the end of the period / year divided by cost of goods sold multiplied by number of days in a period / year.

Term	Description
"ISIN"	International Securities Identification Number. The ISIN for equity shares in this case being **INE0Q3J01015.**
"Key Management Personnel" or "Key Managerial Personnel" or "KMP"	Key management personnel of our Company in terms of SEBI ICDR Regulations and Companies Act, 2013, and as described in the chapter titled "***Our Management***" beginning on page 233.
"Materiality Policy"	The policy adopted by our Board on **August 07, 2023,** for material outstanding litigation proceedings and outstanding dues to material creditors, and materiality policy for identification of group companies adopted by board on October 21, 2023, in accordance with the disclosure requirements under SEBI ICDR Regulations.
"MoA" or "Memorandum of Association" or "Memorandum"	Memorandum of association of our Company, as amended.
"Managing Director"	The Managing Director of our Company being, Mr. **Santosh Kumar Yadav.** For details see chapter titled **"*Our Management*"** on page 233
"NAV per Equity Share"	Calculated as Net Assets Value divided by No. of Equity Shares
"Net Fixed Asset Turnover"	Calculated as Net Turnover divided by Fixed Assets which consists of property, plant and equipment and capital work-in-progress.
"Net Working Capital Days"	Calculated as working capital (current assets minus current liabilities) as at the end of the period / year divided by revenue from operations multiplied by number of days in a period / year.
"Net Worth"	Total Equity as mentioned in the Restated Financial Information.
"Nomination and Remuneration Committee" or "NRC"	Nomination and remuneration committee of our Board constituted in accordance with SEBI Listing Regulations and Companies Act. For details see Chapter titled "***Our Management***" on page 233.
"Non-Executive Directors"	Non-Executive, Non-Independent directors of our Board. For details see chapter titled "***Our Management***" beginning on page 233.
"Operating Cash Flows"	Net cash generated from operating activities as mentioned in the Restated Financial Information.
"Operating Profit before Working Capital Changes"	Cash generated before change of working capital adjustments.
"PAT" or "Profit After Tax"	Profit for the period/year as appearing in the Restated Financial Information.
"PAT Margin (%)"	Calculated as Profit for the year/period as a percentage of Revenue from Operations.
"Promoter" or "Promoters" or "Our Promoters"	The Promoters of our company, being **Mr. Santosh Kumar Yadav and Mrs. Anju Devi.** For details, see "***Our Promoters and Promoter Group*"** on page 251**.**
"Promoter Group"	Such Persons and entities which constitute the promoter group of our company pursuant to with Regulation 2(1) (pp) of the SEBI ICDR Regulations. For further details, see the chapter titled *"**Our Promoters and Promoter Group**"* beginning on page 251.
"Revenue from Operations"	Revenue from Operations as appearing in the Restated Financial Information.
"Registered Office"	The registered office of our company located at Plot No. F-46, 47, 48,49 EPIP, RIICO Industrial Area Neemrana, Alwar, Rajasthan-301705, India.
"Registrar of Companies" or "RoC"	Registrar of Companies, Jaipur, Rajasthan.
"Return on Net Worth"	Calculated as profit after tax before exceptional items and other comprehensive income/ expenses divided by net worth.
"RoCE (%)" or "Return of Capital Employed"	Calculated as earnings before interest and taxes divided by capital employed (Total Debt)
"RoE (%)" or "Return on Equity"	Calculated as net profit after tax for the year / period divided by Average Shareholder Equity.

Term	Description
"Senior Management"	Senior Management of our company in terms of Regulation 2 (1) (bbbb) of the SEBI ICDR Regulation, 2018, as identified in the Chapter titled ***"Our Management"*** beginning on page 233.
"Stakeholders' Relationship Committee"	Stakeholders Relationship Committee of our Board constituted in accordance with SEBI Listing Regulations and Companies Act. For details see Chapter titled "***Our Management***" on page 233.
Total Quantity Sold (in Units)	This metric indicates the volume of the goods sold by the company according to its various product offerings
Total Quantity Produced (in Units)	This metric indicates the quantity of the products produced by the company according to its various product offerings
Total number of customers served during the year	This metric indicates the total number of customers served by the company further divided into International and Domestic clients showing the diversification in the customer base
Total Number of Employees	This metric indicates the total number of Employees hired by the company categorized into employees on company's payroll, Trainees and contractual employees hired.
"Whole-Time Director(s)"	Whole-time director(s) of our Company. For details see Chapter titled "***Our Management***" on page 233.
"You" or "Your" or "Yours"	Prospective investors in the Issue.

Issue Related Term

Term	Description
"Abridged Prospectus"	The abridged prospectus means a memorandum containing such silent features of prospectus as may be specified by the SEBI in this behalf.
"Acknowledgement Slip"	The slip or document issued by a Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form.
"Allocation" or "Allocation of Equity Shares"	The Allocation of Equity Shares of our Company pursuant to Issue of Equity Shares to the successful Bidders.
"Allot" or "Allotment" or "Allotted"	Unless the context otherwise requires, allotment of Equity Shares pursuant to fresh Issue.
"Allotment Advice "	Note or advice or intimation of Allotment, sent to the successful Bidders who have been or are to be Allotted the Equity Shares after approval of Basis of Allotment by Designated Stock Exchange.
"Allotment Account(s)"	The account(s) opened with the Banker(s) to this Issue, into which the application money lying credit to the Escrow Account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
"Allottee(s)"	A successful Bidder to whom the Equity Shares are Allotted.
"Anchor Investor(s)"	Qualified Institutional Buyers, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus.
"Anchor Investor Allocation Price"	Price at which Equity Shares will be allocated to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company, in consultation with the BRLM.
"Anchor Investor Application Form"	Bid cum Application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion, and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus.
"Anchor Investor Bid/ Issue Period" or "Anchor Investor Bidding Date"	The date, one Working Day prior to the Bid/ Issue Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which BRLM will not accept any bid from Anchor Investors and allocation to Anchor Investors shall be completed.
"Anchor Investor Issue Price"	The Anchor Investor Issue Price as decided by our Company in consultation with the BRLM.

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"Anchor Investor Portion"	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLM, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations.
"Anchor Investor Pay-in Date"	With respect to Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Issue Price, not later than two Working Days after the Bid/Issue Closing Date.
"Application Supported by Blocked Amount" or "ASBA	An Application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism.
"ASBA Account"	Bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a RIBs which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism.
"ASBA Bid"	A Bid made by an ASBA Bidder.
"ASBA Bidders"	All Bidders except Anchor Investors.
"ASBA Form"	Application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Banker(s) to the Issue" or "Refund Banker to the Issue" or "Public Issue Bank"	Collectively, Escrow Collection Bank, Refund Bank, Public Issue Account Bank and Sponsor Bank, as the case may be
"Banker(s) to the Issue Agreement" or "BTI Agreement"	Agreement to be entered amongst our Company, the BRLM, Syndicate Members, the Bankers to the Issue and Registrar to the Issue for, *inter alia,* the appointment of the Sponsor Banks in accordance with the UPI Circulars, the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Issue Account(s) and where applicable, refunds of the amounts collected from Anchor Investors, on the terms and conditions thereof.
"Basis of Allotment"	Basis on which Equity Shares will be Allotted to successful Bidders under the Issue, as described in "***Issue Procedure***" on page 399.
"Bid"	Indication to make an offer during the Bid/Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding date by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly.
"Bid Amount"	The highest value of Bids as indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid.
"Bid cum Application Form"	Anchor Investor Application Form and/or the ASBA Form, as the context requires.
"Bid Lot"	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
"Bidding"	The process of making the Bid.
"Bid/Issue Closing Date"	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all editions of [●], the English national newspaper, all editions of [●], the Hindi national newspaper and all editions of [●], the

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	regional newspaper, (Hindi being the local language of Jaipur, Rajasthan, where our Registered and Corporate Office is situated), each with wide circulation. In case of any revision, the extended Bid/Issue Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the BRLM and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Issue Opening Date was published, as required under the SEBI ICDR Regulations. Our Company, in consultation with the BRLM, may consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.
"Bid" or "Issue Opening Date"	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in all editions of [●], the English national newspaper, all editions of [●], the Hindi national newspaper and all editions of [●], the regional newspaper, (Hindi being the local language of Jaipur, Rajasthan, where our Registered and Corporate Office is situated), each with wide circulation.
"Bid" or "Issue Period"	Except in relation to Bid received from Anchor Investors, the period between the Bid/ Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective ASBA Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations and the terms of the Red Herring Prospectus. Provided however, that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.
"Bidder" or "Applicant"	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
"Bidding Centres" or "Collection Centres"	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
"Book Building Process" or "Book Building Method"	The Book building process as described in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Issue is being made.
"Book Running Lead Manager" or "BRLM"	BRLM to the Issue in this case being **Holani Consultants Private Limited**, SEBI Registered Category I Merchant Bankers.
"Broker Centres"	Centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker, provided that retail individual bidders may only submit ASBA Forms at such broker Centres if they bidding using the UPI Mechanism. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
"CAN" or "Confirmation of Allocation Note"	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on or after the Anchor Investor Bidding Date.
"Cap Price"	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price will not be finalised and above which no Bids will be accepted including any revisions thereof.
"Client ID"	Client identification number of the Bidders beneficiary account.
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations

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	in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the respective websites of the Stock Exchanges, (www.bseindia.com & www.nseindia.com), as updated from time to time.
"Cut-off Price"	The Issue Price, finalised by our Company in consultation with the BRLM, which shall be any price within the Price Band. Only RIBs Bidding in the Retail Portion are entitled to Bid at the Cut-off Price. QIBs (including the Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut- off Price.
"Designated Branches of the SCSBs" or "Designated SCSB Branches"	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
"Demographic Details"	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details and UPI ID, as applicable.
"Designated CDP Locations"	Such locations of the Collecting Depository Participants (CDPs) where ASBA Bidders can submit the ASBA Forms, provided that Retail Individual Bidders may only submit ASBA Forms at such locations if they are Bidding using the UPI Mechanism. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
"Designated Date"	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Issue Account or the Refund Account, as the case may be, and/or the instructions are issued to the SCSBs (in case of RIBs using the UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Issue Account or are unblocked, as the case may be, in terms of the Red Herring Prospectus and the Prospectus after finalisation of the basis of allotment in consultation with designated stock exchange, following which Equity Shares will be allotted in the Issue.
"Designated Intermediary(ies)"	In relation to ASBA Forms submitted by Retail Individual Bidders (RIBs) (not using the UPI mechanism) authorizing an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs (bidding using UPI Mechanism) where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate / agents, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, sub-syndicate / agents, SCSBs, Registered Brokers, the CDPs and RTAs.
"Designated RTA Locations"	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs, provided that RIBs may only submit ASBA Forms at such locations if they are Bidding using the UPI Mechanism. The details of such Designated RTA Locations, along with names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com respectively) as

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	updated from time to time.
"Designated Stock Exchange"	[●]
"Draft Red Herring Prospectus" or "DRHP"	This Draft Red Herring Prospectus dated **January 16, 2024** filed with the SEBI and Stock Exchanges and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which our Equity Shares will be allotted and the size of the Issue, including any addenda or corrigenda thereto.
"D&B"	Dun and Bradstreet Information Services India Private Limited.
"D&B Report"	Industry report titled **"*Industry Assessment: Indian Heat Exchanger Industry*"** dated **September 04, 2023**, which is exclusively prepared for the purpose of the Issue by D&B and is commissioned and paid by our Company.
"DPR"	Detailed Project Report dated ***January 08, 2024*** which is exclusively prepared for the purpose of the Issue by Q-Serv Consultants Private Ltd and verified by M/s. Keyur Shah & Co., Chartered Accountants & is commissioned and paid by our Company.
"Eligible FPI(s)"	FPIs that are eligible to participate in this issue in terms of applicable laws, other than individual, corporate bodies and family offices.
"Eligible NRI(s)"	NRI(s) from jurisdictions outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares.
"Escrow Account(s)"	The 'no-lien' and 'non-interest bearing' account(s) to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid.
"Escrow Collection Bank(s)"	Bank(s) which are clearing members and registered with SEBI as banker(s) to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and with whom the Escrow Account will be opened, in this case being **[●]**.
"EPCG"	Export Promotion Capital Goods
"First Bidder" or "Sole Bidder"	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
"Floor Price"	The lower end of the Price Band, subject to any revision(s) thereto, not being less than the face value of Equity Shares, at or above which the Issue Price and the Anchor Investor Issue Price will be finalised and below which no Bids will be accepted.
"Fraudulent Borrower"	A company or person, as the case may be, categorized as a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of the Master Directions on "Frauds – Classification and Reporting by commercial banks and select FIs" dated July 1, 2016.
"Fugitive Economic Offender"	A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018.
"General Information Document" or "GID"	The General Information Document for investing in public issues prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by SEBI, suitably modified and updated pursuant to, among others, the circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 issued by SEBI and the UPI circulars as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges, and the BRLM.
"HCPL"	Holani Consultants Private Limited.
"Issue" or "Issue Size" or "Initial Public Offer" or "Initial Public Issue" or "IPO"	The issue of up to 1,93,05,000 Equity Shares for cash at a price of ₹ [●]/-per Equity Share (including premium of ₹ [●]/- per Equity Share) aggregating up to ₹ [●] Lakhs by our Company.

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	Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement aggregating up to 4,77,990 Equity Shares. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with Rule 19(2)(b) of the SCRR and the proceeds of the Pre-IPO Placement shall be utilized towards General Corporate purposes.
"Issue Agreement"	Agreement dated **January 06, 2024** entered amongst our Company and the BRLM, pursuant to which certain arrangements have been agreed to in relation to the Issue.
"Issue Price"	The final price (within the price band) at which Equity Shares will be Allotted to successful ASBA Bidders as determined by the books building process by our company in consultation with the BRLM in terms of the Red Herring Prospectus on the pricing date. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price in terms of the Red Herring Prospectus.
"Issue Proceeds" or "Gross Proceeds"	The proceeds of the Issue which shall be available to our Company. For further information about use of the Issue Proceeds, see chapter *"**Objects of the Issue**"* beginning on page 108.
"Mobile App"	The mobile applications which may be used by RIBs to submit Bids using the UPI Mechanism as provided under 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.
"Monitoring Agency"	[●]
"Monitoring Agency Agreement"	Agreement dated **[●]** entered into between our Company and the Monitoring Agency in relation to monitoring of net proceeds.
"Mutual Fund Portion"	5% of the Net QIB Portion, or up to **[●]** Equity Shares which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Issue Price.
"Net Proceeds"	Gross Proceeds of the Issue less our Issue expenses. For further details regarding the use of the Net Proceeds and the Issue expenses, see chapter *"**Objects of the Issue**"* beginning on page 108.
"Net QIB Portion"	The QIB Portion less the number of Equity Shares allocated to the Anchor Investors.
"Non-Institutional Bidders" or "Non-Institutional Investors" or "NIIs"	All Bidders that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 2 Lakh (but not including NRIs other than Eligible NRIs).
"Non-Institutional Portion"	The portion of the Net Issue, being not less than 15% of the Net Issue or not less than **[●]** Equity Shares, which are available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price.
"Non-Resident"	A person resident outside India, as defined under FEMA and includes FPIs, VCFs, FVCIs and NRI.
"OEM"	Original Equipment Manufacturer
"Pre – IPO Placement"	A Pre-IPO placement of up to 4, 77,990 Equity Shares for cash consideration aggregating up to ₹ [●] Lakhs which may be undertaken by our Company, at the discretion of our company, in consultation with the BRLM prior to filing the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to issue complying with Rule 19(2)(b) of SCRR. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement and after compliance with requirements prescribed under the Companies Act, Pre-IPO Proceeds shall lead to corresponding reduction in utilization from General Corporate Purposes proceeds.
"Price Band"	The price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price) including any revisions

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	thereof. The price band and the minimum bid lot size for the issue will be decided by our company, in consultation with the BRLM and will be advertised, at least two working days prior to the Bid/Issue opening date, which shall be published in all editions of [●], the English national newspaper, all editions of [●], the Hindi national newspaper and [●] editions of [●], the Regional newspaper, (Hindi being the local language of Jaipur, Rajasthan, where our Registered and Corporate Office is situated), each with wide circulation and shall be made available to the stock exchanges for the purpose of uploading on their respective websites.
"Pricing Date"	Date on which our Company in consultation with the BRLM will finalize the Issue Price.
"Promoters Contribution"	Aggregate of 20% of the fully diluted post-issue Equity Share capital of our Company that is eligible to form part of the minimum promoter's contribution, as required under the provisions of the SEBI ICDR Regulations, held by our Promoters, which shall be locked in for a period of 18 months from the date of Allotment.
"Prospectus"	Prospectus dated [●] to be filed with the RoC on or after the Pricing Date in accordance with provisions of Section 26 and section 32 of the Companies Act, and the SEBI ICDR Regulations containing, inter alia, the Issue Price, the size of the Issue and certain other information, including any addenda or corrigenda thereto.
"Public Issue Account"	Bank account to be opened with the Public Issue Account Bank, under Section 40(3) of the Companies Act to receive monies from the Escrow Account and ASBA Accounts on the Designated Date.
"Public Issue Account Bank"	The bank with whom the Public Issue Account(s) will be opened for collection of Bid Amounts from the Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being [●].
"QIB Portion"	The portion of the Issue, being not more than 50% of the Net Issue or not more than [●] Equity Shares which shall be allotted to QIBs on a proportionate basis, including the Anchor Investor Portion (in which allocation shall be on a discretionary basis, as determined by our Company in consultation with the BRLM), subject to valid Bids being received at or above the Issue Price.
"Qualified Institutional Buyers" or "QIBs" or "QIB Bidders"	Qualified Institutional Buyers as defined under Regulation 2(1) (ss) of the SEBI ICDR Regulations.
"QIB Bid/ Issue Closing Date"	In the event our Company, in consultation with the BRLM decides to close bidding by QIBs one day prior to the bid/issue closing date, the date one day prior to the bid/Issue Closing date; otherwise, it shall be the same as the bid/ issue closing date.
"Red Herring Prospectus" or "RHP"	The Red Herring Prospectus dated [●] to be issued in accordance with Section 32 of the Companies Act, and SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be allotted including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date including any agenda or corrigenda thereto.
"Refund Account(s)"	Account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made.
"Refund Bank(s)"	The bank(s) which are clearing members registered with SEBI under the SEBI BTI Regulations, with whom the Refund Account(s) will be opened, in this case being [●].
"Registered Brokers"	Stock brokers registered with SEBI under the Securities and Exchange Board of

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	India (Stock Brokers and Sub-Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012, issued by SEBI.
"Registrar Agreement" or "RTA Agreement"	Agreement dated **January 06, 2024**, entered amongst our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
"Registrar and Share Transfer Agents"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of, among others, circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, issued by SEBI.
"Registrar to the Issue" or "Registrar" or "RTA"	**Bigshare Services Private Limited.**
"Retail Individual Bidder(s)" or "RIB(s)" or "Retail Individual Investors" or "RIIs"	Individual Bidders, who have Bid for the Equity Shares for an amount which is not more than ₹ 2,00,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and Eligible NRIs) and does not include NRIs (other than Eligible NRIs).
"Retail Portion"	The portion of Net Issue, being not less than 35% of the Net Issue or not less than [●] Equity Shares, available for allocation to RIBs as per SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.
"Revision Form"	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Form(s) or any previous Revision Form(s), as applicable. QIBs bidding in QIB portion and NIBs bidding in non-institutional portion are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIBs can revise their Bids during the Bid/ Issue Period and withdraw their Bids until Bid/Issue Closing Date.
"RIICO"	Rajasthan State Industrial Development and Investment Corporation
"Self-Certified Syndicate Bank(s)" or "SCSBs"	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as applicable and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be prescribed by SEBI and updated from time to time. Applications through UPI in the Issue can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and such other website as may be prescribed by SEBI from time to time.
"Specified Locations"	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders, a list of which is included in the ASBA Form.
"Sponsor Bank"	Banker to the Issue registered with SEBI which is appointed by our company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the UPI mandate request and/or payment

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	instructions of the RIBs using the UPI, and carry out other responsibilities, in terms of the UPI Circulars, in this case being [●]
"Stock Exchanges"	Together, the BSE and NSE.
"Syndicate" or "Members of the Syndicate"	Together, the BRLM and the Syndicate Members.
"Syndicate Agreement"	Agreement dated [●], entered into amongst our Company, the Registrar to the Issue, the BRLM and the members of the Syndicate in relation to the procurement of Bid cum Application Forms by the Syndicate.
"Syndicate Members"	Intermediaries (other than BRLM) registered with SEBI who are permitted to accept bids, applications and place orders with respect to the Issue and carry out activities as underwriters namely, [●]
"Underwriters"	[●]
"Underwriting Agreement"	Agreement dated [●], entered into amongst the Underwriters and Our Company, on or after pricing date but before filing of the Prospectus.
"UPI"	Unified payments interface which is an instant payment mechanism, developed by NPCI.
"UPI Circulars"	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019, SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, along with the circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the circular issued by BSE Limited having reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI in this regard.
"UPI ID"	ID created on the UPI for single-window mobile payment system developed by NPCI.
"UPI Mandate Request"	A request (intimating the RIB by way of a notification on the UPI linked mobile application as disclosed by SCSBs on the website of SEBI and by way of a SMS directing the RIB to such UPI linked mobile application) to the RIB using the UPI Mechanism) initiated by the Sponsor Bank to authorise blocking of funds equivalent to Bid Amount in the relevant ASBA account through the UPI linked mobile application, and subsequent debit of funds in case of Allotment.
"UPI Mechanism"	The bidding mechanism that may be used by UPI Bidders to make the bid in the issue in accordance with the UPI Circulars.
"UPI PIN"	Password to authenticate UPI transaction.
"Willful Defaulter"	A company or person, as the case may be, categorized as a willful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1) (lll) of the SEBI ICDR Regulations.
"Working Day"	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a), announcement of Price Band; and (b) Bid/Issue Period, "Working Day" shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c), the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Technical/Industry Related Terms/Abbreviations

Term	Description
GDP	Gross Domestic Product
MSME	Ministry of Micro, Small & Medium Enterprises
GCLGS	Government Credit Linked Guarantee Scheme
ISO	International Organization for Standardization
BS EN ISO	British Standard European Standard International Standard Organization
UL	Underwriters Laboratories
GVA	Gross Value Added
MOSPI	Ministry of Statistics & Programmed Implementation
RAC	Room Air Conditioners
IIP	Index of Industrial Production
GFCF	Gross fixed capital formation
PFCE	Private Final Consumption Expenditure
WPI	wholesale price index
CPI	consumer price index
NIP	National Infrastructure Pipeline
PLI	Production Linked Incentive
PFCE	private final consumption expenditure
NSO	National Statistics Office
HVAC	Heating, Ventilation, and Air Conditioning
STHE	shell and tube heat exchanger
PHE's	Plate Heat Exchangers
ECBC	Conservation Building Code
S&L	Standards and Labelling
BIRAC	Biotechnology Industry Research Assistance Council
F&B	Food & beverage
LPG	Liquid Petrolium Gas
BPCL	Bharat Petroleum Corporation
IBR	The Indian Boiler Regulations
BIS	Bureau of Indian Standards
EC ACT	Energy Conservation Act
BEE	Bureau of Energy Efficiency
TEMA	Tubular Exchanger Manufacturers Association
ASME	American Society of Mechanical Engineers
ASM	Additional Surveillance Measure
GSM	Graded surveillance Measures
PED	Pressure Equipment Directive
ESR's	Essential safety requirements
CPCB	Central Pollution Control Board
QMS	Quality management system
HVAC&R	Heat Ventilation Air Conditioning and Refrigeration Industry
KPIS	KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS
OEMs	Original equipment manufacturer
AHUs	Air Handling Units
CNC	computer numerical control
OH&S	occupational health and safety

Conventional and General Terms or Abbreviations

Term	Description
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupees
"A/c"	Account
"AGM"	Annual general meeting
"Air Act"	Air (Prevention and Control of Pollution) Act, 1981
"AIFs"	Alternative Investments Funds as defined in and registered with SEBI under the SEBI AIF Regulations
"AS" or "Accounting Standard"	Accounting Standards as issued by the Institute of Chartered Accountants of India
"ASBA"	Applications Supported by Blocked Amount
"AY"	Assessment year
"BSE"	BSE Limited
"Calendar Year" or "CY"	Unless stated otherwise, the period of 12 months ending December 31 of that particular year
"CAD"	Current Account Deficit
"CAGR"	Compound Annual Growth Rate
"CAN"	Common Account Number
"Category I AIF"	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
"Category I FPIs"	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category II AIF"	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
"Category II FPIs"	FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category III AIF"	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
"CDSL"	Central Depository Services (India) Limited
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"CIN"	Corporate Identity Number
"Companies Act, 1956"	Companies Act, 1956, along with the relevant rules made thereunder
"Companies Act, 2013" or "Companies Act"	Companies Act, 2013, along with the relevant rules made thereunder
"COVID-19"	Coronavirus disease 2019, a respiratory illness caused by the Novel Coronavirus and a public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
"CSR"	Corporate Social Responsibility
"CY"	Calander Year
"Depository" or "Depositories"	NSDL and CDSL
"Depositories Act"	Depositories Act, 1996
"DIN"	Director Identification Number
"DPIIT"	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion)
"DP ID"	Depository Participant Identification
"DP" or "Depository Participant"	Depository participant as defined under the Depositories Act
"EBITDA"	EBITDA is calculated as profit for the year/ period, plus total tax expenses, exceptional items, finance costs and depreciation and amortization expenses, less other income
"EGM"	Extraordinary General Meeting

Term	Description
"EPS"	Earnings Per Share
"ESI Act"	Employees State Insurance Act, 1948
"ESIC"	Employees State Insurance Corporation
"ERP"	Enterprise Resource Planning
"FDI"	Foreign direct investment
"FDI Policy"	Consolidated Foreign Direct Investment Policy notified by the DPIIT through notification dated October 15, 2020 effective from October 15, 2020
"FEMA"	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
"FEMA Rules"	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
"Financial Year" or "Fiscal" or "FY"	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
"FMCG"	Fast Moving Consumer Goods
"FPI(s)"	Foreign portfolio investors as defined under the SEBI FPI Regulations
"FVCI(s)"	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
"GAAP"	Generally Accepted Accounting Principles
"G – Secs"	Government Securities or Government Bonds
"GDP"	Gross domestic product
"GoI" or "Government" or "Central Government"	Government of India
"GST"	Goods and Services Tax
"GSTIN"	Goods and Service Tax Identification Number
"HNIs"	High Networth Individuals
"HRD"	Human Resource Development
"HUF"	Hindu Undivided Family
"ICAI"	The Institute of Chartered Accountants of India
"IFRS"	International Financial Reporting Standards
"IFSC"	Indian Financial System Code
"IMF"	International Monetary Fund
"Ind AS" or "Indian Accounting Standards" or "Ind AS Rules"	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended
"Ind AS 24"	Indian Accounting Standard 24, "Related Party Disclosures", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013
"IPO"	Initial Public Offer
"IRDAI"	Insurance Regulatory and Development Authority of India
"ISIN"	International Securities Identification Number
"IST"	Indian Standard Time
"IT"	Information Technology
"IT Act"	The Income Tax Act, 1961
"KYC"	Know Your Customer
"MCA"	Ministry of Corporate Affairs
"Mutual Fund (s)"	Mutual Fund(s) means mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
"N/A" or "NA" or "N.A."	Not applicable
"NACH"	National Automated Clearing House
"NAV"	Net Asset Value
"NBFC"	Non-Banking Financial Company
"NEFT"	National Electronic Funds Transfer
"NOC"	No Objection Certificate.

Term	Description
"NPCI"	National Payments Corporation of India
"NRE Account"	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
"NRI" or "Non-Resident Indian"	person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India cardholder within the meaning of section 7(A) of the Citizenship Act, 1955.
"NRO Account"	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
"NSDL"	National Securities Depository Limited.
"NSE"	National Stock Exchange of India Limited.
"OCB" or "Overseas Corporate Body"	An entity de-recognised through Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. OCBs are not allowed to invest in the Issue.
"p.a."	Per annum
"P/E Ratio"	Price/earnings ratio
"PAN"	Permanent account number
"PAT"	Profit After Tax
"RBI"	The Reserve Bank of India
"Regulation S"	Regulation S under the U.S. Securities Act
"RoNW" or "Return on Net Worth"	Restated profit after tax attributable to equity shareholders of our Company divided by total equity attributable to the equity shareholders of our Company at period/year-end.
"RF"	Risk Factor
"RTGS"	Real Time Gross Settlement
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SCORES"	SEBI complaints redress system
"SCRA"	Securities Contracts (Regulation) Act, 1956
"SCRR"	Securities Contracts (Regulation) Rules, 1957
"SEBI"	Securities and Exchange Board of India constituted under the SEBI Act
"SEBI Act"	Securities and Exchange Board of India Act, 1992
"SEBI AIF Regulations"	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 as amended from time to time
"SEBI BTI Regulations"	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 as amended from time to time
"SEBI FPI Regulations"	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended from time to time
"SEBI FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended from time to time
"SEBI ICDR Regulations"	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time
"SEBI Insider Trading Regulations"	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time
"SEBI Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time
"SEBI Merchant Bankers Regulations"	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 as amended from time to time
"SEBI Mutual Funds Regulations"	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time
"SEBI VCF Regulations"	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
"STT"	Securities transaction tax
"State Government"	The government of a state in India

Term	Description
"Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
"Trademarks Act"	Trademarks Act, 1999
"TAN"	Tax deduction account number
"U.S." or "USA" or "United States"	United States of America, its territories and possessions, any State of the United States, and the District of Columbia
"USD" or "US$" or "U.S. Dollar" or "U.S. Dollars"	United States Dollars
"U.S. Securities Act"	U.S. Securities Act of 1933, as amended
"VAT"	Value Added Tax
"VCFs"	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
"YoY"	Year over year

SUMMARY OF THE ISSUE DOCUMENT

*This section is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections titled "**Risk Factors**", "**The Issue**", "**Capital Structure**", "**Our Business**", "**Industry Overview**", "**Our Promoters and Promoter Group**", "**Objects of the Issue**", "**Restated Financial Information**", "**Management's Discussions and Analysis of Financial Condition and Results of Operations**", "**Issue Structure**" and "**Outstanding Litigations and Material Developments**" on pages 33, 81, 96, 189, 147, 251, 108, 260, 336, 395 and 359 respectively.*

PRIMARY BUSINESS OF OUR COMPANY

KRN Heat Exchanger and Refrigeration Limited manufactures fin and tube type Heat Exchangers for the Heat Ventilation Air Conditioning and Refrigeration Industry (**"HVAC&R"**). Heat Exchangers manufactured by us are made of non-ferrous metals primarily Copper and Aluminium. Our product range includes condenser coils, evaporator units, evaporator coils, header/copper parts, fluid and steam coils and sheet metal parts.

We manufacture heat exchangers of various shapes and sizes as per the requirement of the customers and / or demand in the market. The sizes of heat exchanger tubes diameter manufactured by us ranges from 5MM to 15.88 MM.

SUMMARY OF THE INDUSTRY IN WHICH OUR COMPANY OPERATES

According to the Dun and Bradstreet Research Report, Indian market for heat exchanges reached USD 625 million per annum in 2022, with annual industry turnover increasing by a CAGR of 10% between 2019 and 2022. The heat exchanger industry too was impacted by the spread of Covid-19 pandemic, as annual revenue growth in the industry dropped to 6% in 2020. Demand has recovered in the subsequent years, helping the industry grew its revenue by an average of 11% per annum in 2021 and 2022.

NAME OF THE PROMOTERS

The Promoters of Our Company consists of namely Santosh Kumar Yadav and Anju Devi. For further details, see "***Our Promoters and Promoter Group***" beginning on page 251.

THE ISSUE

The following table summarizes the details of the Issue. For further details, see "***The Issue***" and "***Issue Structure***" on pages 81 and 395, respectively.

Issue	Up to 1,93,05,000 Equity Shares of face value of Rs.10/- each for cash at price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share), aggregating up to ₹ [●] Lakhs.
of which	
(i) Fresh Issue [(1)] ^	Up to 1,93,05,000 Equity Shares of face value of Rs.10/- each aggregating up to ₹ [●] Lakhs
(ii) Offer for Sale	NIL

*(1) The Issue has been authorized by a resolution of our Board dated **August 07, 2023,** and by a special resolution of our Shareholder, dated **August 11, 2023**.*

^Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement of up to 4,77,990 Equity Shares for an aggregating amount of ₹ [●] Lakhs. If the Pre-IPO Placement is completed, the issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with Regulation 19(2)(b) of the SCRR and the

proceeds of the Pre-IPO Placement shall be utilized towards General Corporate Purposes proceeds.

The Issue shall constitute [●] % of the post Issue paid up Equity Share capital of our Company.

OBJECTS OF THE ISSUE

Our Company proposes to utilize the Net Proceeds towards funding the following objects:

(₹in Lakhs)

Objects	Amount*
Investment in our wholly owned subsidiary, KRN HVAC Products Private Limited for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan ***("Proposed Project").***	22,688.54
General corporate purposes*	[●]
Net Proceeds*	[●]

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

The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds. Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement of up to 4,77,990 Equity Shares. If the Pre-IPO Placement is completed, the issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with Regulation 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre- IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilize the proceeds from such Pre-IPO Placement towards General Corporate Purposes proceeds. For further details, see ***"Objects of the Issue"*** *on page 108.*

AGGREGATE PRE-ISSUE SHAREHOLDING OF OUR PROMOTERS, PROMOTER GROUP AND THE SELLING SHAREHOLDERS

There are no selling shareholders in our Company. The aggregate pre-Issue shareholding of our Promoters and Promoter Group as a percentage of the pre-Issue paid-up Equity Share capital of our Company is set out below:

S. No.	Name of shareholder	Pre-Issue	
		Number of Equity Shares	Percentage of Equity Share capital (%) on a fully diluted basis**
(A) Promoter			
1.	Santosh Kumar Yadav	2,02,99,950	44.00%
2.	Anju Devi	2,37,00,000	51.37%
Total (A)		**4,39,99,950**	**95.37%**
(B) Promoter Group			
1.	Manohar Lal	10	Negligible
2.	Komal Yadav	10	Negligible
Total (B)		**20**	**Negligible**
TOTAL (A+B)		**4,39,99,970**	**95.37%**

SUMMARY DERIVED FROM THE RESTATED FINANCIAL INFORMATION

The following information has been derived from our Consolidated Restated Financial Information for the period ended on September 30, 2023, and from Standalone Restated Financial Information for last three Financial Years:

(₹ in Lakhs except share capital)

Particulars	For the Period ended on September 30, 2023 (Consolidated)	As at and for the Financial ended (Standalone)		
		March 31, 2023	March 31, 2022	March 31, 2021
Equity Share capital	44,00,00,000	44,00,00,000	44,00,00,00	44,00,00,00
Net Worth [1]	7957.08	5957.01	2553.15	1306.02
Revenue from operations	16,064.24	24,748.08	15,611.46	7,582.42
Profit / (loss) for the period / year	1,932.97	3,231.35	1,059.04	246.56
Basic earnings per share (adjusted after Bonus Issue) (in ₹) [2]	4.39	7.34	2.41	0.56
Diluted earnings per share (adjusted after Bonus Issue) (in ₹) [3]	4.39	7.34	2.41	0.56
Net Asset Value per Share (adjusted after Bonus Issue) (in ₹) [4]	18.08	13.54	5.80	2.97
Total Borrowings [5]	4,517.04	3,664.43	2,212.21	1,665.02

(1) Net Worth has been defined as the aggregate value of the equity paid-up share capital and all reserves.

(2) Basic earnings per share (₹) = Profit/(loss) for the year/period divided by total weighted average number of equity shares outstanding during the year/period.

(3) Diluted earnings per share (₹) = Profit/(loss) for the year/period divided by total weighted average number of diluted equity shares outstanding during the year/period

(4) Net Asset Value per Share = Restated Equity attributable to equity holders of the issuer as at year/period end divided by total number of Equity Shares outstanding at the end of the year/period

(5) Total Borrowings = non-current borrowings + current borrowings, incl. unsecured loans

For further details see *"**Restated Financial Information**", **"Other Financial Information"*** and ***"Basis for the Issue Price"*** on pages 260, 327 and 133 respectively.

SUMMARY OF KEY PERFORMANCE INDICATORS

Financial Key Performance Indicators of our Company

Particulars	For the Period ended on September 30, 2023 (Consolidated)*#	For the Year ended on March 31 (Standalone)#		
		2023	2022	2021
Revenue from Operations [1] (₹ in Lakhs)	16,064.24	24,748.08	15,611.46	7,582.42
Growth in Revenue from Operations [2] (%)	-	58.53%	105.89%	-
Gross Profit [3] (₹ in Lakhs)	4,047.06	6,379.84	2,633.25	1,235.76
Gross Profit Margin [4] (%)	25.19%	25.78%	16.87%	16.30%
EBITDA [5] (₹ in Lakhs)	2,914.20	4,931.75	1,693.56	542.58
EBITDA Margin [6] (%)	18.14%	19.93%	10.85%	7.16%
Profit After Tax [7] (₹ in Lakhs)	1,932.97	3,231.35	1,059.04	246.56
PAT Margin [8] (%)	12.03%	13.06%	6.78%	3.25%
RoE[9] (%)	27.78%	75.94%	54.88%	23.01%
RoCE [10] (%)	23.53%	50.46%	34.65%	15.75%
Net Fixed Asset Turnover [11] (In Times)	4.80	7.70	7.32	3.56
Net Working Capital Days [12]	70	65	36	14
Operating Cash Flows [13] (₹ in Lakhs)	-637.24	507.25	448.35	-133.11
Inventory Turnover Days[14]	98	76	38	26
Earnings per Share (Basic & Diluted) (adjusted after bonus)				
Basic [15]	4.39	7.34	2.41	0.56
Diluted [16]	4.39	7.34	2.41	0.56
Operating Profit before Working Capital Changes [17] (₹ in Lakhs)	3,116.29	5,136.99	1,874.51	651.34
Debt/EBITDA Ratio [18] (In Times)	1.55	0.74	1.31	3.07
NAV per Equity Share (Adjusted after bonus issue) [19]	18.08	13.54	5.80	2.97
Net Worth [20] (₹ in Lakhs)	7,957.08	5,957.01	2,553.15	1,306.02

Particulars	For the Period ended on September 30, 2023 (Consolidated)*#	For the Year ended on March 31 (Standalone)#		
		2023	2022	2021
Return on Net Worth (21) (%)	24.29%	54.24%	41.48%	18.88%

The Figure has been certified by our statutory auditors M/s. Keyur Shah & Co. Chartered Accountants vide their certificate dated January 10, 2024.

#The company has incurred a bonus issue of 3,96,00,000 equity shares having face value of ₹ 10/- each in the ratio of 9:1 i.e 9 equity shares for every 1 equity shares on February 23, 2023.

Notes:

** Not Annualized.*

(1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Information.

(2) Growth in Revenue from Operations (%) is calculated as a percentage of Revenue from Operations of the relevant period minus Revenue from Operations of the preceding period, divided by Revenue from Operations of the preceding period. (for the period of 01-04-2023 to 30-06-2023 growth in term of % with respect to last year is not possible as current period revenues is not comparable with respect to YOY data of previous year)

(3) Gross Profit is calculated as Revenue from Operations less Cost of Materials consumed, Purchase of Traded goods, Changes in inventories of finished goods and work-in-progress.

(4) Gross Profit Margin (%) is calculated as Gross Profit divided by Revenue from Operations.

(5) EBITDA is calculated as profit for the period / year, plus tax expenses (consisting of current tax, deferred tax and current taxes relating to earlier years), finance costs and depreciation and amortization expenses, less other income.

(6) EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.

(7) Profit After Tax Means Profit for the period/year as appearing in the Restated Financial Information.

(8) PAT Margin (%) is calculated as Profit for the period /year as a percentage of Revenue from Operations.

(9) RoE (Return on Equity) (%) is calculated as net profit after tax for the year / period divided by Average Shareholder Equity.

(10) RoCE (Return on Capital Employed) (%) is calculated as earnings before interest and taxes divided by capital employed.

(11) Net Fixed Asset Turnover is calculated as Net Turnover divided by Fixed Assets which consists of property, plant and equipment and capital work-in-progress.

(12) Net Working Capital Days is calculated as working capital (current assets minus current liabilities) as at the end of the period / year divided by revenue from operations multiplied by number of days in a period / year.

(13) Operating cash flows means net cash generated from operating activities as mentioned in the Restated Financial Information.

(14) Inventory Turnover Days is calculated as average inventory as at the end of the period / years divided by cost of goods sold multiplied by number of days in a period / year

(15) Earnings per Share (Basic) is calculated as Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of Equity Shares outstanding during the period /year.

(16) Earnings per Share (Diluted) is calculated from Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of diluted Equity Shares outstanding during the period/ year.

(17) Operating Profit before Working Capital Changes means cash generated before change of working capital adjustments.

(18) Debt/EBITDA Ratio is calculated as total Debts (includes long term and short-term borrowings) divided by EBITDA.

(19) NAV per Equity Share is calculated as Net Assets Value divided by No. of Equity Shares.

(20) Net Worth means Total Equity as mentioned in the Restated Financial Information.

(21) Return on Net Worth is calculated as profit after tax before exceptional items and other comprehensive income/ expenses divided by net worth.

Operational Key Performance Indicators of the Company

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on (Standalone)		
		March 31, 2023	March 31, 2022	March 31, 2021
Total Quantity Sold (in Units)				
Evaporator Coils	1,07,118	1,13,182	1,07,564	61,919
Condenser Coils	1,42,313	2,74,890	2,25,063	1,28,768
Headers/ Copper Parts	53,513	96,630	14,977	8,597
Sheet Metal Parts	929	7,138	652	765
Total Quantity Produced (In units)				
Evaporator Coils	1,26,328	1,13,027	1,07,356	63,188
Condenser Coils	1,73,678	3,05,944	2,26,300	1,29,685
Headers/ Copper Parts	3,33,528	4,85,552	3,60,118	2,00,366
Sheet Metal Parts	3,01,157	4,22,214	3,34,090	1,93,546
Total Number of Customers served during the period/year	**81**	**112**	**95**	**86**
- International Clients	17	16	10	4
- Domestic Clients	64	96	85	82

Total Number of Employees	485	478	307	261
- Permanent Employees	162	124	92	94
- Trainee	26	32	38	33
- Contractual Employees	297	322	177	134

**The Figure has been certified by our statutory auditors M/s. Keyur Shah & Co. Chartered Accountants vide their certificate dated January 10, 2024.*

For further details of our Key Performance Indicators see "***Basis for the Issue Price – Key Performance Indicators***" on page 135.

AUDITOR QUALIFICATIONS

There are no auditor qualifications which have not been given effect to in the Restated Financial Information.

SUMMARY OF OUTSTANDING LITIGATION

A summary of outstanding litigation proceedings as on the date of this Draft Red Herring Prospectus as disclosed in the section titled "***Outstanding Litigations and Material Developments***" in terms of the SEBI ICDR Regulations is provided below.

(₹ in Lakhs)

Name of Entity	Criminal Proceeding	Tax Proceeding		Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigation**	Aggregate amount involved (Rs in Lakhs)^
		Direct Tax	Indirect Tax				
Company							
By the Company	-	-		-	-	-	-
Against the Company	-	2*	1	-	-	-	8.15**
Directors (Other than Promoters)							
By our directors	-	-	-	-	-	1	11.58
Against Directors	-	-	-	-	-	-	-
Promoters							
By Promoters	-	-	-	-	-	1	Not Quantifiable
Against Promoters	-	-	-	-	-	2^^	Not Quantifiable
Subsidiary							
By Our Subsidiary	-	-	-	-	-	-	-
Against Our Subsidiary	-	-	-	-	-	-	-
Group Company							
By Our Group Company	-	-	-	-	-	-	-
Against Our Group Compnay	-	-	-	-	-	-	-

**To the extent quantifiable and ascertainable.*

***Amount does not include unquantifiable demand with respect to proposed adjustment in income of Rs. 6,194/- for the A.Y. 2023-24 under Section 143(1) of the Income Tax Act, 1961.*

****The Company is in receipt of intimation in the Form GST DRC-01C with respect to difference in input tax credit availed in GSTR-3B and available as per GSTR-2B for the period September 2023 amounting to Rs. 1,46,83,606.30/-. The Company has furnished reply against such intimation. However, no show cause notice has been issued in respect of said matter under the provisions of the CGST Act.*

^^The said case includes the case filed against our Promoters Anju Devi and Santosh Kumar Yadav and the amount involved is Rs. 14,00,000/- along with interest @15% p.a.

For further details of the outstanding litigation proceedings, see ***"Outstanding Litigations and Material Developments"*** on page 359.

There is no provisioning been done by our Company for the probable liabilities, if any arising out of the Outstanding Litigations. Further in respect of these outstanding litigations, amount of ₹ 665.06 lakhs has been reflected as contingent liabilities in the Restated Financial Information of our Company. For

further details please refer ***"Restated Financial Information – Contingent Liabilities"*** on page 303. Also, contingent liabilities of our Company tantamount to 8.36% of our Net Worth as on September 30, 2023.

Further, as on the date of this Draft Red Herring Prospectus, there are no pending litigation proceedings involving Group Company which will have a material impact on our Company.

RISK FACTORS

Specific attention of the Bidders is invited to "***Risk Factors***" on page 33, to have an informed view before making an investment decision. The summary of the top 10 Risk Factors are as follows:

1. Our company plans to invest the estimated sum of ₹ 22,688.54 lakhs out of the net proceeds of the Issue into our wholly owned subsidiary namely "KRN HVAC Products Private Limited" for setting up a manufacturing unit ("Proposed Project"). Although we have placed purchase orders of 17.36% of the capital expenditure to be incurred for the proposed purchase of machineries. In the event of any delay in placing the orders, or in the event the vendors are not able to provide the equipment / machineries or complete the civil and related works etc. in a timely manner, or at all, the same may result in time and cost over-runs.
2. Our Objects to issue - ***"Investment in wholly owned subsidiary for setting up manufacturing facilities"*** is subject to the risk of unanticipated delays in implementation, cost overruns and certain Government approvals and licenses. If we are unable to implement the expansion plans at the planned cost or time or unable to obtain Government approvals and licenses, it could materially and adversely impact our business, results of operations and financial condition.
3. We derive 33.89%, 32.85%, 32.28% and 37.71% of our revenue from our top key customer during the period ended on September 30, 2023, and for the Financial Years ended on March 31, 2023, 2022 and 2021 respectively and 75.94%, 70.87%, 75.82% and 78.36% of our revenue from our top 10 key customers during the period ended on September 30, 2023, and for the Financial Years ended on March 31, 2023, 2022 and 2021 respectively. The loss of one or more such customers or deterioration of their financial condition or prospects, or a reduction in their requirement for our products could adversely affect our business, results of operations, financial condition and cash flows.
4. Our import purchases constitute 80.58%, 79.08%, 72.16% and 58.96% of total raw materials purchased by us for the period ended September 30, 2023 and Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively. Any restrictions, either from the Central or state governments of India, or from countries which we import from, on such imports may adversely affect our business, prospects, financial condition and results of operations.
5. We are dependent on third parties for the supply of raw materials and such providers could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition. Further our 78.76%, 78.48%, 70.07% and 78.48% of our total purchases are derived from our top 10 suppliers for the period ended September 30, 2023 and Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively.
6. We are subject to risks resulting from foreign exchange rate fluctuations, which could adversely affect our results of operations. Further, a decline in India's foreign exchange reserves and higher interest rates in the Indian economy could also adversely affect us.
7. We have significant working capital requirements which are funded through borrowings for the period ended September 30, 2023, and Financial Years 2023, 2022 and 2021. If we are unable to secure adequate working capital loans on commercially reasonable terms it could have a material adverse effect on our business, financial condition, and results of operations.
8. Our business is dependent on our manufacturing facilities, and we are subject to certain risks in our manufacturing process. Any slowdown or shutdown in our manufacturing operations could have an adverse effect on our business, financial condition and results of operations.
9. An inability to renew quality accreditations in a timely manner or at all, or any deficiencies in the quality of our products may give rise to product liability claims and negatively affect our business

prospects and financial performance.

10. We have experienced growth in the past few years and if we are unable to sustain or manage our growth, our business and results of operations may be adversely affected.

For further details please refer ***"Risk Factors"*** on page 33.

SUMMARY OF CONTINGENT LIABILITIES

The details of the contingent liabilities (as per Ind AS 37) of our Company as on September 30, 2023 derived from the Restated Financial Information are set forth below:

(₹ in Lakhs)

Other monies for which our Company is contingently liable	As at September 30, 2023*
Indirect Tax Demand	146.84
Direct Tax Demand	8.69
Under EPCG/Advance Authorization Import Duty Benefit receive from DGFT not considered as liability until it fulfils its export obligations	509.53
Total	**665.06**

For further details of our contingent liabilities (as per Ind AS 37) as on September 30, 2023, see "***Restated Financial Information – Note 34: Contingent Liabilities and Capital Commitments***" on page 303.

FINANCING ARRANGEMENTS

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our directors and their relatives have not financed the purchase by any other person of securities of our Company, during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

SUMMARY OF RELATED PARTY TRANSACTIONS

The details of related party transaction for the period ended on September 30, 2023 based on Consolidated Restated Financial Information and during the FY 2022-23, 2021-22 and 2020-21 based on Standalone Restated Financial Information are given as under:

(₹ in Lakhs)

Sr No.	Name of Party	Nature of Relation	Nature of Transaction	Amount O/s as on 30-09-2023 Payable / (Receivable)	Amount of Transaction debited from 01-04-2023 to 30-09-2023	Amount of Transaction credited from 01-04-2023 to 30-09-2023	Amount O/s as on 31-03-2023 Payable / (Receivable)	Amount of Transaction debited in 2022-23	Amount of Transaction credited in 2022-23	Amount O/s as on 31-03-2022 Payable / (Receivable)	Amount of Transaction debited in 2021-22	Amount of Transaction credited in 2021-22	Amount O/s as on 31-03-2021 Payable / (Receivable)	Amount of Transaction debited in 2020-21	Amount of Transaction credited in 2020-21	Amount O/s as on 31-03-2020 Payable / (Receivable)
1	Santosh Kumar Yadav	Promoter	Remuneration	2.06	28.59	30.00	0.65	23.11	23.76	-	19.78	18.90	0.88	22.02	20.50	2.40
			Loan Taken	30.56	45.00	60.25	15.31	95.00	107.00	3.31	175.18	119.50	58.99	42.01	101.00	-
			Interest on Loan	1.87	-	0.72	1.15	-	1.15	-	6.43	6.32	0.11	0.40	0.51	-
2	Anju Devi	Promoter	Remuneration	10.35	10.35	15.00	5.70	18.06	23.76	-	19.78	18.90	0.88	22.02	20.50	2.40
			Loan Taken	56.13	-	-	56.13	15.00	3.20	67.93	68.01	40.00	95.94	63.56	-	159.50
			Interest on Loan	12.51	-	3.04	9.47	7.52	6.65	10.34	2.11	10.76	1.69	16.13	17.82	-
3	KRN Coils Private Limited	Promoter Group	Loan Given	(82.37)	488.87	493.07	(86.57)	46.57	-	(40.00)	40.00	-	-	-	-	-
			Expenses	-	0.92	0.92	-	2.61	2.61	-	1.21	1.21	-	-	-	-
			Receipt-Payments	-	-	-	-	33.51	33.51	-	19.81	20.01	(0.20)	0.20	-	-
			Trade Payables	-	4.69	4.69	-	-	-	-	39.75	39.75	-	-	-	-
			Rent Received	-	-	-	-	1.32	1.32	-	1.20	1.20	-	-	-	
			Trade Receivable	-	740.09	1,117.01	(376.92)	1,631.89	1,791.43	(536.46)	2,254.67	1,755.53	(37.32)	37.32	-	-
4	Manohar Lal	Promoter Group	Salary	-	0.62	-	0.62	7.85	7.94	0.53	6.87	6.81	0.59	1.77	2.36	-
			Loan Taken	-	-	-	-	4.00	4.00	-	-	-	-	-	-	-
5	Kamla Devi	Promoter Group	Loan Taken	-	-	-	-	7.00	7.00	-	-	-	-	-	-	-
6	Sudesh Devi	Promoter Group	Salary	-	12.00	12.00	-	-	-	-	-	-	-	-	-	-
7	Sonu Gupta	KMP	Salary	1.13	0.33	1.46	-	-	-	-	-	-	-	-	-	-
8	Praveen Kumar	KMP	Salary	0.64	3.86	3.86	0.64	1.07	1.71	-	-	-	-	-	-	-
9	KRN HVAC Products Private Limited	Subsidiary	Loan Given	(1,350.03)	2,320.48	970.45	-	-	-	-	-	-	-	-	-	-
			Investment	(499.95)	499.95	-	-	-	-	-	-	-	-	-	-	-
10	KRN Heat Exchanger and Refrigeration Limited	Parent Company	Loan Taken	1,350.03	970.45	2,320.48	-	-	-	-	-	-	-	-	-	-

For details of related party transactions for the period ended on September 30, 2023 and during the FY 2022-23, 2021-22 and 2020-21, see "***Restated Financial Information – Note 41 - Related Party Disclosures***" and on pages 312.

WEIGHTED AVERAGE PRICE AT WHICH SPECIFIED SECURITIES WERE ACQUIRED BY THE PROMOTERS AND SELLING SHAREHOLDERS IN THE ONE YEAR PRECEDING THE DATE OF THIS DRAFT RED HERRING PROSPECTUS

There are no selling shareholders in our Company. The weighted average price at which Equity Shares were acquired by our Promoters in last one year preceding the date of this Draft Red Herring Prospectus is as follows:

S. No.	Name	Number of Equity Shares acquired	Weighted Average Price of acquisition per Equity Share (in ₹) #
Promoters			
1.	Santosh Kumar Yadav	1,82,70,000	NIL
2.	Anju Devi	2,13,30,000	NIL

#As certified by M/s Keyur Shah & Co, Chartered Accountants, our Statutory and Peer Review Auditor pursuant to their certificate dated January 03, 2024.

AVERAGE COST OF ACQUISITION OF SHARE FOR PROMOTERS & SELLING SHAREHOLDERS

There are no selling shareholders in our company. The average cost of acquisition of Equity Shares for Promoters as on the date of this Draft Red Herring Prospectus is set forth below:

S. No.	Name	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹) #
Promoters			
1.	Santosh Kumar Yadav	2,02,99,950	1.109
2.	Anju Devi	2,37,00,000	1.047

#As certified by M/s Keyur Shah & Co, Chartered Accountants, our Statutory and Peer Review Auditor pursuant to their certificate dated January 03, 2024.

For further details of the average cost of acquisition of our Promoters, see "***Capital Structure – Build-up of Equity Shareholding of our Promoters in our Company***" on page 102.

DETAILS OF PRE-IPO PLACEMENT

Our Company in consultation with the BRLM, may undertake a pre-IPO placement of 4,77,990 Equity Shares for cash consideration aggregating to ₹ [●], **("Pre-IPO Placement")** at its discretion, prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with Rule 19(2)(b) of the SCRR and the proceeds of the Pre-IPO Placement shall be utilized towards General Corporate Purposes.

ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR

Our Company has not issued any Equity Shares for consideration other than cash except Bonus Issue, in the last one year preceding the date of this Draft Red Herring Prospectus.

SPLIT OR CONSOLIDATION OF EQUITY SHARES IN THE LAST ONE YEAR

Our Company has not undertaken a split or consolidation of the Equity Shares in the last one year preceding the date of this Draft Red Herring Prospectus.

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

Our Company has not sought any exemption from complying with any provisions of the SEBI ICDR Regulations.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

CERTAIN CONVENTIONS

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India. All references to the "Government", "Indian Government", "GOI", "Central Government" are to the Government of India and all references to the State Government are to the Government of the relevant state.

All references herein to the "US", the "U.S.", the "USA", or the "United States" are to the United States of America, together with its territories and possessions.

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

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

FINANCIAL DATA

Our Company's Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular Financial Year or Fiscal are to the 12 months period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year. Unless the context requires otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year and references to a Fiscal/ Financial Year/ FY are to the 12 months period ended on March 31, of that calendar year.

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Red Herring Prospectus has been derived from our Restated Financial Information.

Certain measures included and presented in this Draft Red Herring Prospectus, for instance EBITDA, EBITDA Margin, RoNW and Net Asset Value per Equity Share **(Non-GAAP Measures**), are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Furthermore, these Non-GAAP Measures, are not a measurement of our financial performance or liquidity under Indian GAAP, IFRS or US GAAP and should not be considered as an alternative to net profit/loss, revenue from operations or any other performance measures derived in accordance with Ind AS, IFRS or US GAAP or as an alternative to cash flow from operations or as a measure of our liquidity. In addition, Non-GAAP Measures used are not a standardized term, hence a direct comparison of Non-GAAP Measures between companies may not be possible. Other companies may calculate Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Please see ***"Risk Factor No. 47 - We have included certain non-GAAP financial and operational measures related to our operations and financial performance that may vary from any standard methodology that may be applicable across the industry in which we operate, and which may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by similar companies"*** on page 65.

The Restated Financial Information of our Company included in this Draft Red Herring Prospectus are as at and for the period ended on September 30, 2023 and for the Financial Years ended March 31, 2023, March 31, 2022 and March 31, 2021 comprises of Consolidated Restated summary statement of assets and liabilities as at September 30, 2023 and Standalone Restated summary statement of assets and liabilities for the Financial Year ended on March 31, 2023, March 31, 2022 and March 31, 2021, the Consolidated Restated summary statement of profit and loss and the Consolidated restated summary statement of cash flow for the period ended on September 30, 2023 and the Standalone

Restated summary statement of profit and loss and Standalone Restated summary statement of cash flow for the Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 together with the notes to the Restated Financial Information (**collectively, the Restated Financial Information**) are prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by ICAI, as amended from time to time. For Further information, see ***"Restated Financial Information"*** on page 260.

There are significant differences between Ind AS, U.S. GAAP and IFRS. Please see ***"Risk Factor No. 76 – Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the Financial Statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus"*** on page 79. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

INDUSTRY AND MARKET DATA

Unless stated otherwise, industry and market data used throughout this section has been obtained or derived from a report titled **"*Industry Assessment: Indian Heat Exchanger Industry*"** dated **September 04, 2023**, by **Dun and Bradstreet Information Services India Private Limited (D&B)** prepared and issued by **D&B**, and exclusively commissioned and paid for by our Company in connection with the issue. Unless otherwise indicated all industry and other related information derived from the D&B Report and included therein with respect to any particular year refer to such information for the relevant calendar year. D&B was appointed by our company and is not connected to our company or directors and our promoters. A copy of the D&B Report is available on the website of our Company at www.krnheatexchangers.com. For risks in relation to the commissioned report, see "***Risk Factors No. 34 – Certain sections of this Draft Red Herring Prospectus disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.***" on page 59.

In accordance with the SEBI ICDR Regulations, the chapter titled "***Basis for Issue Price***" beginning on page 133, includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we nor the BRLM has independently verified such information.

CURRENCY AND UNITS OF PRESENTATION

All references to "*Rupees*" or "*₹*" or "*Rs.*" or "*INR*" are to Indian Rupees, the official currency of the

Republic of India. All references to "*US$*", "*U.S. Dollar*", "*USD*" or "*U.S. Dollars*" are to United States Dollars, the official currency of the United States of America. In this Draft Red Herring Prospectus, our Company has presented certain numerical information. All figures have been expressed in lakh. One lakh represents 1,00,000 and one million represents 10,00,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than lakh, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in their respective sources.

Any percentage amounts, as set forth in ***"Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation"*** on pages 33, 189 and 336 and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated based on our Restated Financial Information.

EXCHANGE RATES

This Draft Red Herring Prospectus may contain conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all. The exchange rates of certain currencies used in this Draft Red Herring Prospectus into Indian Rupees for the periods indicated are provided below:

Currency	As on September 30, 2023 (₹)	As on March 31, 2023 (₹) [(1)]	As on March 31, 2022 (₹) [(1)]	As on March 31, 2021 (₹) [(1)]
1 USD	83.06	82.22	75.81	73.50
1 Euro	87.94	89.61	84.66	86.10

(Source for 1 USD and 1 Euro: www.rbi.org.in and www.fbil.org.in)

(1) In the event that March 31 of any of the respective years is a holiday, the previous calendar day not being a public holiday has been considered.

FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain statements which are not statements of historical fact and may be described as "forward-looking statements". These forward-looking statements include statements which can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "likely to", "objective", "plan", "propose", "project", "will", "will continue", "seek to", "will pursue", or other words or phrases of similar import. Similarly, statements that describe our Company's strategies, objectives, plans or goals are also forward-looking statements.

These forward-looking statements, whether made by us or a third-party, are based on our current plans, estimates, presumptions and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

This may be due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in the industry and incidence of any natural calamities and/or acts of violence.

Certain Important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

- The continuing effect of COVID-19 pandemic;
- Inability to identify customer demand accurately and maintain an optimal level of inventory in our manufacturing facility;
- Adverse statutory and regulatory actions from Income Tax Department or any other statutory or regulatory authority;
- Any adverse developments affecting Rajasthan, where our manufacturing units are located;
- Disruptions at third-party production or manufacturing facilities or failure of third parties to adhere to the relevant quality standards;
- Inability to effectively manage or expand our operations or pursue our growth strategy;
- Conflict of interest between our business and activities undertaken by entities in which certain of our Directors and our Promoter have interest;
- Inability to comply conditions and restrictions on our operations, additional financing and capital structure under agreements governing our indebtedness;
- Any adverse development that may affect the operations of our manufacturing units;
- Any qualifications or other observations made by our statutory auditors which may affect our results of operations;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or non-compliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

For a further discussion of factors that could cause our actual results to differ from our expectations,

see section titled *"**Risk Factors**"* and chapter titled *"**Our Business**"* and *"**Management's Discussion and Analysis of Financial Condition and Results of Operations**"* beginning on pages 33, 189 and 336 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

Although our assumptions on which such forward-looking statements are based are reasonable, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's belief and assumptions, which in turn are based on currently available information. Although our assumptions upon which these forward- looking statements are based are reasonable, any of these assumptions as well as statements based on them could prove to be inaccurate. Neither our Company, our Promoters, our Directors, the BRLM, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with regulatory requirements, our Company will ensure that investors in India are informed of material developments from the date of registration of this Draft Red Herring Prospectus with the RoC until receipt of final listing and trading approvals by the Stock Exchanges for this Issue.

SECTION II - RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares but also for the industry in which we operate or to India and other jurisdictions we operate in. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with chapter titled ***"Industry Overview", "Our Business", "Restated Financial Information"*** *and* ***"Management's Discussion and Analysis of Financial Condition and Results of Operations****" on pages 147, 189, 260 and 336 respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Issue including the merits and risks involved.*

Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Issue. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see chapter titled ***"Forward- Looking Statements"*** *on page 31. Unless otherwise indicated, the financial information included herein is based on our Restated Financial Information included in this Draft Red Herring Prospectus. For further information, see chapter titled* ***"Restated Financial Information"*** *on page 260. Unless the context otherwise requires, in this section, references to "we", "us", "our", the Company" or "our Company" refers to KRN Heat Exchanger and Refrigeration Limited.*

Unless otherwise indicated, all financial information included herein are based on our Restated Financial Information included elsewhere in this Draft Red Herring Prospectus.

INTERNAL RISKS RELATED TO OUR BUSINESS

1. ***Our Company plans to invest the estimated sum of ₹ 22,688.54 lakhs out of the Net proceeds of the Issue into our wholly owned subsidiary namely "KRN HVAC Products Private Limited" for setting up a manufacturing unit ("Proposed Project"). While we have initiated purchase orders of 17.36% of the capital expenditure to be incurred for the proposed purchase of machinery. In the event of any delay in placing these orders, or if the vendors are not able to provide the equipment / machinery or complete the civil and related works etc. in a timely manner, or at all, may result in time and cost over-runs.***

   Our company set up a wholly owned subsidiary namely ***"KRN HVAC Products Private Limited"***, incorporated on April 07, 2023. Our company plans to invest ***₹ 22,688.54 lakhs*** out of the Net proceeds of the Issue into our subsidiary to establish a new manufacturing facility. We intend to utilize portions of the Net Proceeds for Funding capital expenditure requirements for the

purchase of equipment/machineries and construction of Building. As on the date of this Draft Red Herring Prospectus, we have not placed order for plant and machineries and miscellaneous fixed assets in relation to the purchase. While we have procured quotations from various vendors in relation to the capital expenditure to support our expanding operations, no firm orders have been placed. For details in respect of the foregoing, please see ***"Objects of the Issue"*** on page 108. It is important to note that such quotations have a limited validity period and may be subject to revisions, and other commercial and technical factors. We cannot assure that we will be able to undertake such capital expenditure at the costs indicated by such quotations or that there will not be cost escalations over and above the contingencies proposed to be funded out of the Net Proceeds. Further, the actual amount and timing of our future capital requirements may differ from our estimates due to unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes, technological changes and any other reason.

As on the date of this Draft Red Herring Prospectus, we have placed orders for plant and machinery aggregating to **₹ 1,033.17 Lakhs** and have given an advance of **₹ 322.36 Lakhs** i.e., approximately **17.36%** of the total estimated cost for purchase of plant and machinery. We are yet to place orders for such plant and machineries for an aggregate amount of **₹ 5,989.03 Lakhs**. Accordingly, we are yet to place orders for **82.64%** of the total estimated cost in relation to the purchase of plant and machinery.

In the event of any delay in placing the orders, or an escalation in the cost of acquisition of the equipment or completion of the civil and related works, or if the vendors are not able to provide the equipment and services in a timely manner, or at all, we may encounter time and cost overruns. Further, if we are unable to procure equipment and ancillary items or avail services from the vendors from whom we have obtained quotations, we cannot assure that we will be able to identify alternative vendors to provide us with a similar kind of plant and machinery, equipment and ancillary items and services, which satisfy our requirements at acceptable prices. Our inability to procure the machinery equipment and services at acceptable prices or in a timely manner, may result in an increase in capital expenditure, extension or variation in the proposed schedule of implementation and deployment of the Net Proceeds, thereby resulting in an adverse effect on our business, prospects and results of operations.

We intend to invest in the latest equipment and technology to support our expanding operations. We also seek to purchase equipment from domestic and foreign manufacturers and continue our strategy of minimal reliance on hired or leased equipment.

We propose to fund the capital expenditure requirements for the purchase of equipment/ machinery as follows:

(₹ in Lakh)

S. No.	Particulars	Total estimated cost [(1)(2)]	Amount already deployed through Unsecured Loan through	Amount proposed to be funded from the Net Proceeds
1.	Land and Site Development	4,156.93	1,040.38	3,116.55
2.	Civil and structural works & others	12,267.67	359.70	11,907.97
3.	Plant and Machineries	7,021.90	322.36	6,699.54
	Sub Total	**23,446.50**	**1,722.44**	**21,724.06**
4.	Contingency at the rate of 5%	964.48	-	964.48
	Total	**24,410.98**	**1,722.44**	**22,688.54**

[(1)] Inclusive of applicable GST.

[(2)] Total estimated cost, as per Detailed Project Report ("DPR") dated January 08, 2024 prepared and issued by Q-Serv Consultants Private Limited and dated January 10, 2024 verified by M/s Keyur Shah & Co. Chartered Accountants in respect of the Proposed Project.

[(3)] As of December 31st, 2023, the amount deployed towards the proposed project was Rs.1722.44 Lakhs, as certified by our statutory and peer reviewed auditor M/s. Keyur Shah & Co., Chartered

Accountants, by way of their certificate dated January 10, 2024. For sources of funds for the amounts deployed, please see-"Means of Finance" Below.

Our proposed capital expenditure requirements for the purchase of equipment/ machinery remain subject to the potential problems and uncertainties that construction project face including cost overruns or delays. Problems that could adversely affect our expansion plan including labor shortages, increased costs of equipment or manpower, inadequate performance of the equipment and machinery installed at various sites, delays in completion, defects in design or construction, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, incremental pre-operating expenses, taxes and duties, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. Further, there can be no assurance that our budgeted costs may be sufficient to meet our proposed capital expenditure requirements. If our actual capital expenditure significantly exceeds our budgets, or even if our budgets were sufficient to cover these projections, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. There can be no assurance that we will be able to complete the aforementioned expansion and additions in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition. For further details, please see ***"Objects of the Issue"*** on page 108.

2. ***Our Objects to issue - "Investment in wholly owned subsidiary for setting up manufacturing facilities" is subject to the risk of unanticipated delays in implementation, cost overruns and certain Government approvals and licenses. If we are unable to implement the expansion plans at the planned cost or time or unable to obtain Government approvals and licenses, it could materially and adversely impact our business, results of operations and financial condition.***

We have made and intend to continue making investments to expand our portfolio of products to aid our growth efforts. We intend to deploy major net proceeds from our IPO to set up a new manufacturing facility ***("Proposed Project")*** located at SP1-24, Kolila Joga, Neemrana, Alwar, Rajasthan-301705 with a total built-up area measuring 71,924 square metres through investment in our wholly owned Subsidiary, ***KRN HVAC Products Private Limited***. For further details, see ***"Objects of the Issue"*** on page 108.

The ***"Proposed Project"*** may be subject to the potential problems and uncertainties that construction projects face including cost overruns or delays. Problems that could adversely affect our ***"Proposed Project"*** include increased costs of equipment or manpower, non-receipt of Government approvals and licenses, inadequate performance of the equipment and machinery installed in our manufacturing facilities, delays in completion, defects in design or construction, the possibility of unanticipated future regulatory restrictions, labour shortages, delays in receiving governmental, statutory and other regulatory approvals as we apply for them at various stages of the project, incremental pre-operating expenses, unforeseen taxes and duties, interest and finance charges, environment and ecology costs and other external factors which may not be within the control of our management.

There can be no assurance that the proposed additions in our portfolio of products and expansions 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 proposed capital expenditure requirements. If our actual capital expenditures significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. There can be no assurance that we will be able to complete the expansion and additions in accordance with the

proposed schedule of implementation and any delay could have an adverse impact on our business, results of operations and financial condition.

In addition, our wholly owned Subsidiary, KRN HVAC Products Private Limited, through which such Proposed Expansion will be conducted has not had operating revenue during the six months ended September 30, 2023. For further details please refer to ***"Objects of the issue"*** on page 108.

3. ***We derive 33.89%, 32.85%, 32.28% and 37.71% of our revenue from our top key customer during the period ended on September 30, 2023, and for the Financial Years ended on March 31, 2023, 2022 and 2021 respectively and 75.94%, 70.87%, 75.82% and 78.36% of our revenue from our top 10 key customers during the period ended on September 30, 2023, and for the Financial Years ended on March 31, 2023, 2022 and 2021 respectively. The loss of one or more such customers or deterioration of their financial condition or prospects, or a reduction in their requirement for our products could adversely affect our business, results of operations, financial condition and cash flows.***

We have developed long-standing relationships with certain key customers. Accordingly, we are dependent on our arrangements with such customers and our business depends on the continuity of our relationship with them. The majority of our revenue is derived from our top ten, top five and the largest customer. The contribution to the revenue from operations of our Company by our top ten, top five and the largest customer is as set out below:

(₹ in Lakhs)

Particular	For the period ended on September 30, 2023 (Consolidated)		For the Financial Year ended on (Standalone)					
			March 31, 2023		March 31, 2022		March 31, 2021	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Largest customer	5,444.64	33.89%	8,130.92	32.85%	5,039.40	32.28%	2,859.22	37.71%
Top 5 customers	8,977.68	55.89%	13,814.21	55.82%	9,334.00	59.79%	4,588.56	60.51%
Top 10 customers	12,198.82	75.94%	17,540.09	70.87%	11,835.45	75.82%	5,942.82	78.36%

Since we are largely depend on certain key customers for a significant portion of our sales, the loss of any of our key customers or a significant reduction in demand from such customers could have a material adverse effect on our business, financial condition, results of operations and cash flows.

There are a limited number of brands in the Indian Room Air Conditioners (**"RAC"**) and refrigeration and other home appliances market to whom we supply our products. We face the risk of the loss of all or any of our customers, including on account of delays on our part with respect to the completion of the orders placed, quality issues in our products and inadequate supplies against demand, if such instances occur frequently; failure to generate new sales orders with one or more of our significant customers; and failure to renegotiate favorable terms with our key customers, all of which could have an adverse effect on our business, financial condition, results of operations and cash flows. Our reliance on a select set of customers may also constrain our ability to negotiate our commercial arrangements, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or business prospects of these customers could reduce their requirement of our products and result in a significant decrease in the revenues we derive from these customers. We cannot assure you that we will be able to maintain historic levels of business from our significant customers, or that we will be able to significantly reduce customer concentration in the future. In addition, our revenues may be adversely affected if there is an adverse change in any of our customers supply chain

strategies or a reduction in their outsourcing of products we offer, or if our customers decide to choose our competitors over us or if there is a significant reduction in the volume of our business with such customers. Maintaining strong relationships with our customers is, therefore, essential to our business strategy and to the growth of our business. Further, while we have not experienced any such reduction in the past, since our business is presently concentrated among a few significant customers, we may also experience reduction in cash flows and liquidity if we lose one or more of our top customers due to any dispute with respect to our business arrangements.

Additionally, the loss of any key customer may significantly affect our revenues and we may have difficulty securing comparable levels of business from other customers or may not be able to secure new customers in a timely manner or at all to offset any loss of revenue from the loss of any of our key customers. We may also not be able to easily re-allocate our resources and assets in a timely or efficient manner. Additionally, in order to retain some of our significant customers we may also be required to offer terms to them which may place restraints on our resources and reduce our profitability.

In addition, our arrangements with our customers and / or the purchase orders issued by them to us, depending on the customer, may contain terms and conditions which include among others the nature and specification of products to be manufactured and supplied by us, manner of inspection and testing of products manufactured, representation and warranties made by us in relation to our manufacturing capabilities, process to be followed in case of defects, steps to ensure compliance with applicable laws, quality of products, undertakings in relation to protection of intellectual property of our customers, indemnification of our customers due to our negligence or breach of any term of the orders, defect warranties in relation to the products manufactured by us]. In the event we agree to any onerous terms laid down by our customers, such onerous terms may have an effect on our future growth including expansion of customer base. Additionally, non-compliance with the terms of the business arrangements may lead to among others damages or penalties, termination of the agreements and will also result in us being unable to attract further business in the future.

The occurrence of any of the above may have a significant adverse effect on our business, financial condition, results of operations and prospects.

4. ***Our import purchases constitute 80.58%, 79.08%, 72.16% and 58.96% of total raw materials purchased by us for the period ended September 30, 2023 and Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively. Any restrictions, either from the Central or state governments of India, or from countries which we import from, on such imports may adversely affect our business, prospects, financial condition and results of operations.***

We source our raw material requirement mainly through imports. The details of the cost of materials imported, for the period ended September 30, 2023 and for the Financial Year ended March 31, 2023, March 31, 2022 and March 31, 2021 are as follows:

(Rs. in Lakhs)

Particulars	r the period ended on September 30, 2023 (Consolidated)	or the Financial Year ended (Standalone)		
		rch 31, 2023	rch 31, 2022	arch 31, 2021
Cost of raw materials imported	10,875.83	16,611.12	10,024.40	3,717.44
Cost of total raw materials purchased	13,496.86	21,006.45	13,890.92	6,304.17
Cost of materials imported as a percentage of our total cost of raw materials purchased (%)	80.58%	79.08%	72.16%	58.96%

Any restrictions on such imports, either by the Central or state governments of India, or by countries which we import from, may adversely affect our ability to deliver products to our

customers, our business, prospects, financial condition and results of operations. Further, any increase in import tariffs will increase expenses which in turn may impact our business and the results of operations.

While we have not faced any material instances in the past where such restrictions have adversely affected our operations, there can be no assurance that such restrictions / regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. Further, there can be no assurance that, under these circumstances, we will be successful in identifying alternate suppliers for raw materials source the raw materials at favorable terms in a timely manner.

5. ***We are dependent on third parties for the supply of raw materials and such providers could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition. Further our 78.76%, 78.48%, 70.07% and 78.48% of our total purchases are derived from our top 10 suppliers for the period ended September 30, 2023 and Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively.***

We are dependent on third-party suppliers for our raw materials. The raw materials used by us include copper foil and tubes, aluminium foil and sheets, galvanise sheet, brass sheets and parts and stainless steel. The details of our cost of goods sold for the period ended on September 30, 2023 and last three Financial Year are set out below:

(Rs. in Lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on (Standalone)		
		March 31, 2023	March 31, 2022	March 31, 2021
Cost of goods sold	12,017.18	18,368.24	12,978.21	6,346.66
Revenue from operations	16,064.24	24,748.08	15,611.46	7,582.42
Cost of goods sold as a percentage of our revenue from operations (%)	74.81%	74.22%	83.13%	83.70%

Note: Cost of goods sold comprises costs of material consumed, change in inventories, manufacturing & service cost.

Discontinuation of production by these suppliers or a failure of these suppliers to adhere to the delivery schedule or the required quality could hamper our production schedule and therefore affect our business and results of operations. This dependence may also adversely affect the availability of key materials at reasonable prices thus affecting our margins and may have an adverse effect on our business, results of operations and financial condition. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we experience a significant or prolonged shortage of raw materials from any of our suppliers, and are not able to procure the raw materials from other sources in the future, we would be unable to meet our production schedules of our products and to deliver such products to our customers on time, which would adversely affect our sales, margins and customer relations. We cannot assure you that a particular supplier will continue to supply the required components or raw materials to us in the future. Any change in the supply pattern of our raw materials can adversely affect our business and profits.

Further our purchases made from our top 5 suppliers and top 10 suppliers, for the period ended on September 30, 2023 and for the Financial Year ended March 31, 2023, March 31, 2022 and March 31, 2021 are as follows:

(Rs. in Lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)		For the Financial Year ended on (Standalone)					
			March 31, 2023		March 31, 2022		March 31, 2021	
	Amount	% of Total Purchases	Amount	% of Total Purchases	Amount	% of Total Purchases	Amount	% of Total Purchases

Top 5 Suppliers	7,254.58	53.74%	12,178.82	57.98%	7,277.01	52.38%	3,926.00	62.27%
Top 10 Suppliers	10,630.93	78.76%	16,486.00	78.48%	9,734.18	70.07%	4,947.74	78.48%

While we may find additional suppliers to supply these products, any failure of our suppliers to deliver these products in the necessary quantities or to adhere to delivery schedules, credit terms or specified quality standards and technical specifications may adversely affect our business and our ability to deliver orders on time and at the desired level of quality.

As a result, we may lose customers which could have a material adverse effect on our business, financial condition, and results of operations. Further our product supply and pricing may become volatile due to several factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are inherent uncertainties in estimating such variables. Therefore, we cannot assure that we will be able to procure adequate supplies of our products in the future, as and when we need them on commercially acceptable terms. Further, there can be no assurance that we will be able to effectively manage relationships with our existing or new suppliers or that we will be able to enter into arrangements with new suppliers at attractive terms or at all. If we fail to successfully leverage our existing and new relationships with suppliers, our business and financial performance could be adversely affected.

6. ***We are subject to risks resulting from foreign exchange rate fluctuations, which could adversely affect our results of operations. Further, a decline in India's foreign exchange reserves and higher interest rates in the Indian economy could also adversely affect us.***

Changes in currency exchange rate influence our results of operations. Our substantial purchase of raw materials and other equipment's is procured from foreign countries. Our export sales are also in foreign currencies, primarily the U.S. dollar.

Foreign currencies have fluctuated in the past and our cost of raw materials and results of operations may be impacted by such fluctuations. As we aim to increase our export sales, our operating expenses in connection with our operations outside India will be increasingly denominated in currencies other than Indian Rupees. Any fluctuations in the foreign currency exchange rates may have an adverse impact on our results of operations. Details of our foreign exchange in-flow and out flow for the period ended on September 30, 2023 and for the Financial Year ended March 31, 2023, March 31, 2022 and March 31, 2021 are as follows:

(₹ in Lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on (standalone)		
		March 31, 2023	March 31, 2022	March 31, 2021
Income in Foreign Currency				
Sale (excluding Freight and insurance)	2,372.20	2,820.26	1,493.63	405.95
Total In-flow (A)	**2,372.20**	**2,820.26**	**1,493.63**	**405.95**
Value of Import on CIF basis				
Purchase of Raw Material (including Freight)	10,875.83	16,611.12	10,024.40	3,717.44
Machine, Tools and Die	82.59	692.43	56.69	58.41
Total Out flow (B)	**10,958.42**	**17,303.55**	**10,081.09**	**3,775.85**
Net foreign exchange outflow	**8,586.22**	**14,483.29**	**8,587.46**	**3,369.90**

A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition. A future material decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy which in turn, could adversely affect our business and future financial performance.

7. *We have significant working capital requirements which are funded through borrowings for the period ended September 30, 2023, and Financial Years 2023, 2022 and 2021. If we are unable to secure adequate working capital loans on commercially reasonable terms it* could *have a material adverse effect on our business, financial condition, and results of operations.*

Our working capital requirements for the period ended on September 30, 2023 and Financial Years ended on March 31, 2023, March 31, 2022, and March 31, 2021, is as under:

(₹ in Lakhs)

S. No.	Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
A.	**Current Assets**				
1.	Inventory				
	– Finished Goods/ Stock in Trade	675.42	790.78	297.46	109.63
	– Work in Progress	726.90	403.23	35.26	21.67
	– Raw Materials	5900.33	4314.42	1798.13	372.49
	– Good in Transit	-	-	-	43.69
2.	Trade Receivables	4228.11	3865.83	2979.02	1751.65
3.	Other Financial and Current Assets	3222.04	2,203.17	1987.80	807.12
	Total Current Assets	**14,752.80**	**11,577.43**	**7,097.67**	**3,106.25**
B.	**Current Liabilities**				
1.	Trade payables	5475.22	4940.95	4019.88	2140.84
2.	Advance from Customers	3.50	81.34	259.54	14.34
3.	Other Financial and Current Liabilities	169.28	168.13	173.17	66.63
	Total Current Liabilities	**5648.00**	**5190.42**	**4452.59**	**2221.81**
C.	**Working Capital Gap**	**9104.80**	**6387.01**	**2645.08**	**884.44**

Our business requires a substantial amount of working capital, primarily to finance our inventory, including, the purchase of raw materials. Moreover, we may need substantial working capital for expansion of our business. Most of this working capital is provided by bank loans. Such financing could cause our debt-to-equity ratio to increase. The Debt-to-Equity Ratio of our Company is 0.57, 0.62, 0.87 and 1.27 for the period ended on September 30, 2023 and Financial Year ended on March 31, 2023, March 31, 2022 and March 31, 2021.

Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our working capital requirements or to pay our debts, could adversely affect our financial condition and results of operations.

For further information regarding the working capital facilities currently availed of by us, see *"**Financial Indebtedness**"* on page 330.

8. *Our business is dependent on our manufacturing facilities, and we are subject to certain risks in our manufacturing process. Any slowdown or shutdown in our manufacturing operations could have an adverse effect on our business, financial condition and results of operations.*

Our manufacturing facilities are situated at Plot No. 46, 47, 48 and 49, EPIP, RIICO Industrial Area, Neemrana, Alwar, Rajasthan-301705 and are subject to certain operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence of equipment or machinery, labour disputes, natural disasters, industrial

accidents, and the need to comply with the directives of relevant government and regulatory authorities.

Our business is dependent upon our ability to manage our manufacturing facilities and run them at certain utilization levels, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment, industrial accidents, labour disputes or shortage of labour, severe weather conditions and natural disasters. While there have been no such instances in the past, any significant malfunction or breakdown of our machinery, our equipment, our automation systems, our IT systems or any other part of our manufacturing processes or systems (together, our **"Manufacturing Assets"**) may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair Manufacturing Assets in a timely manner or at all, our operations may need to be suspended until we procure the appropriate Manufacturing Assets to replace the same and we cannot assure you that the new Manufacturing Assets will be procured and/or integrated in a timely manner. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections, testing and equipment upgrades.

As our customers rely significantly on the timely delivery of our products, uninterrupted power supply, supply of trained and skilled manpower, availability of raw materials and our ability to carry on interruption-free production of our products is critical to our business. Further, our electricity requirements for our manufacturing facilities are directly sourced from local utilities. While we maintain power backup in the form of diesel generator sets, we cannot assure you that we will successfully be able to prevent disruptions in our manufacturing processes in case of non-availability of adequate supply of power.

Further, we may be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals, which may require our manufacturing facilities to cease, or limit, production until the disputes concerning such approvals are resolved. While we have not experienced such instances, in the event such instances occur in the future, it may have an adverse effect on our business, financial condition and results of operations.

9. An inability to renew quality accreditations in a timely manner or at all, or any deficiencies in the quality of our products may give rise to product liability claims and negatively affect our business prospects and financial performance.

We obtain and maintain quality certifications and accreditations from independent certification entities and also comply with prescribed specifications and standards of quality approved by certification issuing agencies. Our Company has obtained following certifications/ recognition:

S. No.	Certification	Validity
1	ISO 9001:2015 in recognition of organization's Quality Management System.	10/10/2025
2	ISO 14001:2015 in recognition of organization's Environment Management System.	10/10/2025
3	ISO 45001:2018 in recognition of organization's Health and Safety Management System.	10/10/2025
4	IS 11329:2018 in recognition of quality of finned type heat exchanger for room air conditioners from Bureau of Indian Standards.	18/10/2024
5	CE 2215001 conformity certificate Issued by Szutest, turkey for the quality assurance	29/05/2025
6	BS EN ISO 13134 Certificate for Brazing procedure	Valid till Cancelled
7	UL-207 for Recognized Standard for Refrigerant-Containing Components and Accessories	Valid Till Cancelled

If we fail to comply with applicable quality standards or if we are otherwise unable to obtain such quality accreditations in the future in a timely manner or at all, our business prospects and financial performance may be negatively affected.

Further, if our products are alleged or found to be defective, we may be subject to product liability claims. There could be instances in which our products do not meet the specifications. We have, at some times, encountered certain claims with respect to the quality of our products and we may be subject to product liability claims and litigation for compensation in the future also which could result in substantial and unexpected expenditure and could materially affect our cash flow and operating results. Further, there can be no assurance that we will be able to successfully defend such claims. If any such claims against us are ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

10. We have experienced growth in the past few years and if we are unable to sustain or manage our growth, our business and results of operations may be adversely affected.

We have experienced growth in the past years. The details of certain of our financial parameters showcasing this growth over the period ended on September 30, 2023 and last three Financial Year ended March 31, 2023, 2022 and 2021 has been set out below:

(Amount in Lakhs)

Particulars	September 30, 2023	March 31, 2023	March 31, 2022	March 31, 2021
Revenue from Operations	16,064.24	24,748.08	15,611.46	7,582.42
EBITDA	2,914.20	4,931.75	1,693.56	542.58
Profit for the year after tax	1,932.97	3,231.35	1,059.04	246.56

Our growth requires us to continuously invest in our operations, evolve and improve our operational, financial, and internal controls and administrative infrastructure. We may not be able to sustain our growth due to a variety of reasons, including but not limited to, the following:

- a decline in the demand for HVAC products.
- acquiring new customers and increasing/maintaining demand of our products from existing customers.
- maintaining the quality and precision levels of our products.
- our ability to maintain high level of customer satisfaction.
- increased price competition,
- non-availability of raw materials,
- preserving a uniform work culture and environment across our manufacturing facilities and maintaining and improving operational synergies; and
- a general slowdown in the economy.

A failure to sustain our growth may have an adverse effect on our business, financial condition, results of operations and future prospects. We are embarking on a growth strategy which involves deepening, diversifying, and expanding our customer base by tapping into new markets and focusing on operational efficiencies to improve returns and pursuing strategic alliances and inorganic growth opportunities. Such a growth strategy will place significant demands on our management as well as our financial, accounting, and operating systems. We cannot assure you that our future performance or growth strategy will be successful.

Further, as we scale up and diversify our products, we may not be able to execute our operations efficiently, which may result in delays, increased costs, and lower quality products. Further, if we are unable to increase our production capacity, we may not be able to successfully execute our growth strategy. Our failure to manage our growth effectively may have an adverse effect on our business, financial condition, results of operations and future prospects.

11. There have been some instances of delayed filing/ incorrect filings in the past with the Registrar of Companies which may attract penalties.

Our Company has encountered certain inadvertent inaccuracies, delays, and non-compliances concerning regulatory filings and corporate actions in the past. As a result, we may face regulatory actions and penalties for any historical or future non-compliance, potentially adversely impacting our business and financial condition.

Notably, there were cases of delayed filing of statutory forms under the Companies Act with the Registrar of Companies (RoC), which were subsequently rectified by paying additional fees. These delays occurred due to inadvertent reasons and ranged from 1 to 1568 days. The details of Delayed filings are as follows:

S. No.	Description of Form	Date of event	Due Date	Date of filing	Delay (No. of Days)	Reason for delay
1	CHG-1 for charge	28.03.2018	27.04.2018	03.08.2018	99	Inadvertent
2	PAS-3 for allotment of shares on 20.03.2018	20.03.2018	19.04.2018	09.09.2023	1568	incorrect date of allotment
3	AOC-4 for annual accounts for FY 2017-18	29.09.2018	29.10.2018	09.09.2023	1375	incorrect date of allotment
4	MGT-7 for annual return for FY 2017-18	29.09.2018	28.11.2018	09.09.2023	1345	incorrect date of allotment
5	MGT-7 for annual return for FY 2018-19	30.09.2019	29.11.2019	26.12.2019	27	Inadvertent
6	ADT-1 for appointment of Auditor	20.09.2017	05.10.2018	30.12.2018	65	Inadvertent
7	CHG-1 for charge	16.10.2018	15.11.2018	14.02.2019	91	Inadvertent
8	CHG-1 for charge	05.12.2018	04.01.2019	09.01.2019	5	Inadvertent
9	AOC -4 Annual Account for the FY 2019-20	28.12.2020	28.01.2021	17.02.2021	20	Inadvertent
10	AOC -4 Annual Account for the FY 2020-21	30.09.2021	30.10.2021	22.12.2021	53	Inadvertent
11	AOC-4 for Annual Account for the F. Y. 2021-22	30.09.2022	30.10.2022	08.12.2022	39	Inadvertent
12	CHG-1 for charge	06.02.2023	08.03.2023	31.03.2023	23	Inadvertent
13	MGT 14 for BR of adoption of AOA	09.05.2023	08.06.2023	12.06.2023	4	Inadvertent
14	AOC-4 for annual accounts for FY 2022-23	30.09.2023	29.10.2023	30.10.2023	1	Inadvertent

Details of erroneous filings of statutory forms with RoC:

A. Erroneous filing related to allotment: Our company has allotted shares before the receipt of money in the past. There are following erroneous filings with ROC for such allotment.

S. No.	Details of Error in Form	Date of Filing	ROC Form
1.	Company has wrongly mentioned the date of allotment of 34,90,000 equity shares on 11.12.2017. However, the actual date of allotment was 20.03.2018.	21.12.2017	PAS-3
2	Company has filed its Annual Return for the Financial Year 2017-18 which includes a right issue of 34,90,000 equity shares of face value ₹ 10/- each which was Right Issue but it was represented as a right issue of 26,15,000 equity shares of face value of ₹ 10/- each and a preferential issue of 8,75,000 equity shares of face value of ₹ 10/- each on 11.12.2017 instead of 20.03.2018.	31.12.2018	MGT-7
3	Company has attached Directors Report with AOC-4 without	30.12.2018	AOC-4

	mentioning the actual dates of Board Meeting.		

Our Company has filed form GNL-1 on 19.04.2023 for cancellation of above forms and filed the following revised Form in-place of above Forms:

S. No.	Details of Form	Date of Filing	ROC Form
1.	Allotment of 34,90,000 shares on 20.03.2018 instead of 11.12.2017.	09.09.2023	PAS-3
2.	Annual Return for the Financial Year ended 31.03.2018 after including right issue of 34,90,000 equity shares of face value ₹ 10/- each.	09.09.2023	MGT-7
3.	Company has attached Directors Report with AOC-4 for the Financial Year ended 31.03.2018 after mentioning the actual dates of Board Meeting.	09.09.2023	AOC-4

B. Erroneous filing related to Clerical errors (some attachments were not attached properly) as under:

S. No.	Description of Erroneous Form	Description of Error	Date of Correct Filing	Reason
1.	DIR 12 dated November 30, 2019	Wrong selection of the category of director (selected small shareholders director instead of professional executive director).	December 11, 2020	Upon the Company's request, the DIR 12 filing dated 30/11/2019 under STP was deemed defective by the Registrar due to the wrong selection of the category of director (selected small shareholders director instead of the professional executive director). In response, a corrective filing with all requisite fees was promptly submitted by the Company on December 11, 2020.
2.	AOC 4 dated November 30, 2019	Clerical errors (some attachments were not attached properly)	December 10, 2020	Upon the Company's request, the AOC 4 filing dated 30/11/2019 under STP was deemed defective by the Registrar due to some clerical errors. In response, a corrective filing with all requisite fees was promptly submitted by the Company on December 10, 2020.
3.	MGT 7 dated December 26, 2019	Clerical errors (some attachments were not attached properly)	December 10, 2020	Upon the Company's request, the MGT 7 filing dated 26/12/2019 under STP was deemed defective by the Registrar due to some clerical errors (some attachments were not attached properly). In response, a corrective filing with all requisite fees was promptly submitted by the Company on December 10, 2020.

4.	AOC 4 dated October 27, 2021	Blank fields and clerical errors were left in the form.	December 22, 2021	Upon the Company's request, the AOC 4 filing dated 27/10/2021 under STP was deemed defective by the Registrar due to blank fields and clerical errors. In response, a corrective filing with all requisite fees was promptly submitted by the Company on December 22, 2021.
5.	MGT 7 dated November 01, 2021	Blank fields and clerical errors were left in the form.	December 19, 2021	Upon the Company's request, the MGT 7 filing dated 01/11/2021 under Straight Through Process (STP) was deemed defective by the Registrar due to blank fields and clerical errors. In response, a corrective filing with all requisite fees was promptly submitted by the Company on December 19, 2021.

As of now, our Company has rectified these errors by filing the updated forms and payment of requisite additional fees. Although, no regulatory action or penalty has been taken/ levied on the Company for such delays/ defaults, however, it cannot be assured that no such regulatory action or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our Company or its directors/ officers in relation to the same, our business and financial condition could be adversely affected.

12. We regularly work with hazardous materials such as LPG gas and Oxygen gas which could be flammable and activities in our manufacturing facilities can be dangerous, which could cause injuries to people or property.

Our business requires individuals to work under potentially dangerous circumstances. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

- fires;
- mechanical failures and other operational problems;
- discharges or releases of hazardous gas such as LPG and oxygen gases; and
- other environmental risks.

operating certain machinery and processes in our manufacturing facilities involve risk of accidents and personal injuries. These hazards can cause personal injury and loss of life, catastrophic damage or destruction of property and equipment as well as environmental damage, which could result in a suspension of operations and the imposition of civil or criminal liabilities. The loss or shutting down of our facilities could disrupt our business operations and adversely affect our results of operations, financial condition and reputation. We could also face claims and litigation, in India or overseas, filed on behalf of persons alleging injury predominantly because of occupational exposure to hazards at our facilities.

While we maintain what we believe to be adequate insurance, there is a risk that an accident may occur at any of our manufacturing facilities. An accident may result in personal injury to our employees or the labour deployed at our facilities, destruction of property or equipment, manufacturing or delivery delays, environmental damage, or may lead to suspension of our operations and/or imposition of liabilities and bring negative publicity to us. Any such accident may

result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend such litigation can be significant. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

13. We are required to obtain, renew or maintain certain statutory and regulatory permits and approvals required to operate our business and if we fail to do so in a timely manner or at all and our business, financial conditions, results of operations and cash flows may be adversely affected.

Our operations are subject to government and statutory regulations, and we are required to obtain and maintain several permits, consents and regulations and approvals under central, state and local government rules for operating our business generally for our Units. While we believe that we have obtained the necessary and material approvals, licenses, registrations and permits from the relevant authorities, there could be instances where we may not have applied, obtained or applied with a delay for certain requisite approvals applicable to us. For instance, registration under the Contract Labour (Regulation and Abolition) Act, 1970 was not in place prior to 2019. Penalties may be levied against our Company for the breach of limits which may adversely affect the financial position of our Company.

Our company has applied for following material approval which are yet to be received:

S. No.	Nature of Registration/Approval		Date of Application/ Application number
1.	Environmental Approvals	Authorisation under Hazardous & others Waste (Management & Transboundary Movement) Rules, 2016	359128
		Application for Consent to Operate for Plot No F-44 EPIP, RIICO Industrial Area, Neemrana Raj, Alwar- 301705	357825

We also need to apply for renewal, from time to time, of some of such approvals, licenses, registrations and permits, which expire or seek fresh approvals, as and when required, in the ordinary course of our business. While we generally apply for the renewal of approvals in a timely manner, we cannot assure that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be adversely affected.

Our company has not filed fresh or renewal application for following material approvals:

S. No.	Nature of Registration/Approval	
1.	Environmental Approvals	Registration under E-Waste (Management) Rules, 2022

There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, licenses, registrations and permits could adversely affect our related operations. Further, under such circumstances, the relevant authorities may initiate penal action against us, restrain our operations, impose fines/ penalties or initiate legal proceedings for our inability to renew/obtain approvals in a timely manner or at all.

The approvals required by us are also subject to numerous conditions including, among others, quantum of raw materials to be used, fire and safety measures, etc. Further, in some cases, consent of relevant authorities is required in case there is any modification/ alteration/ change

in product mix. The conditions and the obligation to renew the approval or license at regular intervals are also prescribed in such approvals and licenses. We cannot assure you that the approvals, licenses, registrations and permits issued to us will not be suspended or cancelled or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action.

Environmental and occupational health and safety laws and regulations, and the interpretation and enforcement thereof, are subject to change and have tended to become stricter over time, in India and internationally. While we are not aware of any outstanding material claims or obligations, we may incur substantial costs, including clean up or remediation costs, fines and civil or criminal sanctions, and third-party property damage or personal injury claims, as a result of violations of or liabilities under environmental or health and safety laws or non-compliance with permits required at our facilities, which, as a result, may have an adverse effect on our business and financial conditions. We cannot assure you that non-compliances will not occur in the future or that we may not be subject to any penalties in relation to such non-compliances which may affect our profitability, business, financial conditions and results of operations. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business, financial conditions, results of operations and cash flows.

14. Our Company has repurposed a plot established for industrial purposes as a warehouse. We may be subjected to regulatory penalty for change in usage of the land.

The Company has acquired leasehold rights in respect of the plot no. F-44, EPIP, Neemrana, Alwar, Rajasthan from RIICO for the purpose of industrial use but the Company has been using the said plot for the purpose of warehousing. Our Company has received the factory license and applied for relevant licenses but hasn't commenced the installation of machineries, and undertaking other pertinent activities aligned for beginning the industrial use on the plot.

The Company has obtained below mentioned approvals for the said plot:

Sr No.	Approval	Date of approval
1.	Approval of factory building drawings	29.12.2023
2.	Business Registration Number	05.12.2023
3.	Acknowledgement of Consent to establish for Plot F 44, EPIP, Neemrana, Alwar- 301705	07.11.2023
4.	Occupancy cum completion certificate	04.10.2023
5.	Certificate for Commencement of production	23.02.2023
6.	Registration and Licence to work at a Factory	04.01.2024
7.	Certificate of Structural Stability	05.01.2024

However, the Company may be subjected to the penalty under RIICO Disposal of Land Rules for using the said plot for warehousing purpose in the past.

15. Rajasthan State Industrial Development and Investment Corporation (RIICO) has permitted to transfer the lease hold rights of an industrial plot, Complying with certain terms and condition of the lease may affect our business and financial Condition.

RIICO has permitted to transfer the lease rights of industrial plot no. F-48, 49, EPIP, Neemrana, Alwar Rajasthan. As per the transfer terms and conditions, we have to export minimum of 33.33% of our produce of installed capacity every year and submit the required documents as proof to the office of RIICO. Non-compliance of this condition, a failure action might be initiated against us. Further, if RIICO identifies any dues towards the old allottee during audit observations then our Company is liable to deposit the same when demanded by RIICO. Complying with these conditions involves a substantial amount and money and may adversely affect our financial condition.

16. ***There has been certain non-compliance with labour laws by our Company. Consequently, we may be subject to regulatory actions and penalties for such non-compliance and our business and financial condition may be adversely affected.***

In accordance with The Payment of Bonus Act, 1965 ("**Bonus Act**"), and the Payment of Bonus Rules, 1975 ("**Bonus Rules**"). Our Company is required to file the annual return of the bonus paid to its employees in Form D on the web portal of the Central Government's Ministry of Labour and Employment on or before February 1st, every year. Our Company has paid the bonus to its employees but has not filed the required form. Therefore, for non-compliance of the provisions of Bonus Act and Bonus Rules, our Company may be subjected to regulatory actions and/ or penalties under relevant provisions of the said Act.

17. ***We appoint contract labour for carrying out some of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition.***

We engage independent contractors through whom we engage contract labourers for performance of certain functions at our Units. Further, contractors and contract labourers will also be engaged in the construction of the Proposed Facility. Although we do not engage these labourers directly, we are responsible for any wage and statutory payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and our financial conditions. In addition, we may be liable for or exposed to litigations, sanctions, penalties or losses arising from accidents or damages caused by our workers or contractors.

18. ***All our manufacturing units and warehouse are situated in one geography namely Neemrana, Alwar, Rajasthan. Any adverse development affecting such a region may have an adverse effect on our business, prospects, financial condition, and results of operations.***

All our manufacturing units and a warehouse are in Alwar, Rajasthan only. The details of the manufacturing units and warehouse as owned by the Company are as under:

Plots acquired on leasehold rights	Year of Establishment
F- 48 to 49, EPIP, Neemrana, Alwar Rajasthan	2017
F- 46 to 47 EPIP, Neemrana, Alwar Rajasthan	2020
F- 44, EPIP, Neemrana, Alwar Rajasthan	2022

Any unforeseen events or circumstances that negatively affect these areas could materially adversely affect our sales and profitability. These factors include, among other things, changes in demographics, population and income levels. In addition, our business may also be susceptible to regional natural disasters and other catastrophes, such as telecommunications failures, cyber-attacks, fires, riots, political unrest or terrorist attacks. Any materially adverse social, political or economic development, natural calamities, civil disruptions, or changes in the policies of the local governments in this region could adversely affect operations at our manufacturing units. Natural disasters such as earthquakes, extreme climatic or weather conditions such as floods, droughts, or diseases heightened or particular to the region, may adversely impact the supply of products, local transportation and operations at our manufacturing units. Such disruption to supply would materially and adversely affect our business, profitability and reputation.

19. ***All of our directors do not have any prior experience of being a director in any other listed company in India.***

Our current Board comprises of 6 directors which includes Chairman and Managing Director, Whole-Time Director, 3 non-executive independent directors and 1 non-executive non-independent

directors. All of our board of directors do not have any prior experience of being a director in any other listed company in India. While our Board members are qualified and have relevant experience in their respective field, not having any prior experience as being a director in any other listed company in India may present some potential challenges to our Company ineffectively meeting with good corporate governance norms and practices. Additionally, having lack of such experience amongst the board of directors may impact our Company's credibility and reputation among the investors and other stakeholders. For further details, please see chapter titled ***"Our Management"*** on page no. 233.

20. *We have had negative cash flows in the past. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.*

We have experienced negative cash flows from operating activities and investing activities and may, in the future, experience negative cash flows.

The following table sets forth certain information relating to our cash flows for the periods indicated below:

(Rs. in Lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on (Standalone)		
		March 31, 2023	March 31, 2022	March 31, 2021
Net cash flow (used in)/from operating activities	(637.24)	507.25	448.35	(133.11)
Net cash flow (used in)/from investing activities	(306.18)	(1,398.69)	(271.69)	(1,296.61)
Net cash flow (used in)/from financing activities	655.89	1,101.09	338.37	937.48

For further information, see ***"Restated Financial Information"*** on page 260.

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations could be materially and adversely affected.

21. *Our Company is dependent on third party transportation providers for transportation of raw materials and finished goods. Accordingly, any increase in transportation costs or unavailability of transportation services for our products or transportation strikes may have an adverse effect on our business.*

Our Company is engaged in the business of manufacturing Heat exchangers using several raw materials like copper tubes, aluminium foils, copper and aluminium sheets etc at our manufacturing facility which is situated at Plot No. 46,47,48 and 49, RIICO Industrial Area, Neemrana, Rajasthan. We procure raw materials through imports as well from domestic suppliers. For further details please refer to ***"Risk Factor no. 4- Our import purchases constitute 80.58%, 79.08%, 72.16% and 58.96% of total raw materials purchased by us for the period ended September 30, 2023 and Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively. Any restrictions, either from the Central or state governments of India, or from countries which we import from, on such imports may adversely affect our business, prospects, financial condition and results of operations"*** on page no 37.

Also, our finished goods are sold and delivered to various locations across the country and exported to international markets. We have a presence in over 15 states in India and in 9 countries across the globe. The detailed breakup of the revenue of our company as per Consolidated Restated Financial Information for the period ended September 30, 2023, and as per Standalone Restated Financial Information for the fiscal year ended on March 31, 2023, 2022

and 2021 is as under:

(Amount in ₹ Lakhs)

Particulars	For the period ended on September 30, 2023		For the Financial Year ended on					
			2023		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Domestic Sales	13,675.60	85.13%	21,909.86	88.53%	14,105.54	90.35%	7,176.47	94.64%
Export Sales	2,372.20	14.77%	2,820.26	11.40%	1,493.63	9.57%	405.95	5.36%
Other Operating Income	16.44	0.10%	17.96	0.07%	12.29	0.08%	-	-
Total	**16,064.24**	**100%**	**24,748.08**	**100%**	**15,611.46**	**100%**	**7,582.42**	**100%**

**Other Operating Income includes sale of tubing, copper pipes and other services.*
*Pursuant to the certificate dated **January 05, 2024**, from our Statutory and Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.*

Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. Most of the raw material and finished products are transported to and from our manufacturing unit by third party transportation providers. Transportation strikes could have an adverse effect on our receipt of goods and our ability to deliver our products to our customers. Non availability of ships, barges and trucks could also adversely affect receipt of goods and the delivery of our products. Further, disruptions of transportation services due to weather-related problems, strikes, lockouts, inadequacies in the road infrastructure, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition, and results of operations.

22. ***Our cost of production is exposed to fluctuations in the prices of raw material particularly Aluminium Foil, Copper Foils, Galvanise Sheet, Copper Tubes and Copper and Aluminum Sheet and Stainless Steel and our Company has not entered into any agreement with respect to long-term supply for raw materials required.***

The major raw material used are Aluminum Foil, Copper foils, Galvanise sheet, copper tube, copper and Aluminium sheet and stainless sheet and the expenses incurred to procure these raw materials contributes to 70.00%, 74.33%, 79.28% and 72.54% of revenue from operations as per Consolidated restated financial information for the period ended September 30, 2023, and as per standalone restated financial information for the Financial Year ended March 31, 2023, 2022 and 2021. The industry in which we operate is highly fluctuating specially the prices of copper and Aluminium. Further, factors affecting the price, directly or indirectly are beyond the control of our Company. We procure our raw material either from imports or through the spot market and have not entered into any long-term supply agreements with our suppliers. We may have to face the risks associated with compensating for or passing on such increase in our cost of raw material consumed on account of such fluctuations in prices to our customers. If we pass on the increase in the cost of raw material consumed to our customers through a corresponding increase in the price of our products to maintain our historical margins, we may face the risk of our products becoming unaffordable for a particular segment of demography. Upward fluctuations in the prices of raw material may thereby, affect our margins directly or indirectly and have a direct bearing on our profitability, resulting in a material adverse effect on our business, financial condition, and results of operations.

23. ***Our Company benefits from certain export benefits which are subject to the policies and decisions of the Government.***

We have availed benefits under certain export promotion schemes such as Duty Drawback Scheme; Remission of Duties and Taxes on Exported Products (RoDTEP); and Export Promotion

Capital Goods ("**EPCG**") in relation to our operations. In accordance with the licensing requirements outlined in the EPCG scheme, we are obligated to export goods of a specified value under which, we may have to pay the Government, a sum equivalent to the duty benefit accrued under the EPCG scheme, coupled with the corresponding interest. If there is a failure to adhere to any criteria while availing of benefit or subsequently, it could result in the reversal of benefits, potentially leading to the imposition of interest and penalties as outlined in the pertinent scheme. Further, any failure to meet the obligations under such schemes may result in an adverse effect on our business operations and our financial condition.

24. We generally do business with our customers on a purchase order basis and our customers do not make long-term commitments with us and may cancel or change their production requirements. Such cancellations or changes may adversely affect our financial condition, cash flows and results of operations.

We primarily follow a business-to-business model which is purchase order based. While we have long standing relationships with various of our customers, we generally do not enter into long-term arrangements, or arrangements with firm commitments of quantities with such customers, and do not have clear visibility as to their future demand for our products. Our customers may cancel, change or delay production quantities and schedules, or fail to meet their forecasts for a number of reasons beyond our control. Our customer's expectations can also change rapidly, requiring us to take on additional commitments or risks. In addition, customers may fail to meet their payment commitments to us. Cancellations, reductions or delays by a significant customer, or by a group of customers, could adversely affect our operating results and negatively affect our working capital levels.

Further, we are not necessarily be the exclusive supplier to our customers and our competitors may also be supplying their products to our customers. The absence of long-term arrangements, or arrangements with firm commitments of quantities from our customers and the possibility of rapid changes in demand for their products affect our ability to accurately estimate their future requirements. Considering that certain of our operating expenses are fixed, a reduction in customer demand can harm our operating results. Moreover, because our margins vary across customers and specific programs, a reduction in demand with higher margin customers can have a more significant adverse effect on our operating results. Low utilization of our manufacturing facilities could also result in our realizing lower margins.

Customers may demand, among others, price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, or change their outsourcing strategy by moving more work in-house or to other outsourcing partners, any of which may have an adverse effect on our business, results of operations and financial condition. Cancellations, reductions or instructions to delay manufacturing (thereby delaying delivery of products manufactured by us) by a significant customer could adversely affect our results of operations by reducing our sales volume, as well as by possibly causing delay in our customers' paying us for the order placed for purchasing the inventory with us which we would have manufactured for them.

A customer's decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing. There can be no assurance that our customers will continue to outsource or increase the share of outsourcing. If such customers do not continue to outsource the manufacturing of their products or reduce the amount of manufacturing outsourced by them or if our customers decide to perform these functions internally or because they use other providers of these services, our future growth could be limited, and our sales and operating results may suffer. We may need to increase staffing, increase capacity, engage sub- contractors and incur other expenses to meet the anticipated demand of our customers, which could cause reductions in our margins if a customer order gets delayed or cancelled or modified. Rapid increases in customer

demand may also stress personnel and other capacity resources. We may not have sufficient resources, at any given time to meet all of our customers' demands, which could result in a loss of business from such customers.

25. ***We are subject to precise technical specifications and quality requirements. Our failure to comply with the quality standards and technical specifications prescribed by such customers may lead to loss of business from such customers and could negatively impact our reputation, which would have an adverse impact on our business prospects and results of operations.***

Our customers have specific product and quality requirements. Adherence to quality standards is a critical factor in our manufacturing process as any defects in the products manufactured by our Company or failure to comply with the technical specifications by our customers may lead to cancellation of the orders placed by them. Any failure on our part to manufacture our products according to prescribed specifications, may lead to loss of reputation and goodwill of our Company, rejection of the product, resulting in additional cost, which will not be borne by the customer, to replace the rejected product, and loss of customers which could have adverse effect on our reputation, business and financial condition. While such instances have not resulted in any material and adverse impact on us in the past, should such instance take place in the future, it could expose us to significant monetary liability including litigation.

While we have not experienced any cancellation due to such reasons in the past, failure to adhere to the specifications set out by our customers may lead to cancellation of existing and future orders or expose us to warranty claims. In addition, prior to placing the orders, there is a review process that is undertaken by certain customers. This may involve inspection of our manufacturing facilities and equipment, review of the manufacturing processes and raw materials, and inspections and reviews of prototypes of the product. As a result, we are required to incur expenses to maintain our quality assurance systems such as forming a separate team of engineers responsible for quality and assurance in our manufacturing facilities, and in the manufacturing processes. This is undertaken by an independent quality control department in our Company which is responsible for ensuring quality in respect of all aspects of our operations. There have been no instances in the last three Financial Years and the current period, where our Company has failed to meet the relevant quality requirements in respect of the products manufactured by it, that have materially impacted the Company's business and operations. However, if any such event were to occur in future, it may have a material adverse effect on our financial condition, cash flows and results of operations. Any shortfall in meeting the technical specifications or manufacturing defects may result in recall of the whole batch leading to loss of revenues and reputation.

26. ***Pricing pressure from customers may adversely affect our gross margin, profitability and ability to increase our prices***

Our customers often pursue price reduction initiatives and objectives with their suppliers including us. While we have not experienced such instances in the past, any reduction in prices for our products while maintaining stringent quality standards may lead to a decrease in our margins, which may have a material adverse effect on our business, financial condition, results of operations and future prospects. Our business is capital intensive, requiring us to maintain a substantial fixed asset base. Therefore, our profitability also depends, on our ability to spread fixed production costs over higher production volume. Our customers typically negotiate for larger discounts in price as the volume of their orders increases. While we have not experienced such instances in the past, if we are unable to efficiently undertake manufacturing and generate sufficient cost savings in the future to offset price reductions or if there is any reduction in customer demand for our products, our sales, gross margin and profitability may reduce, which may have a material adverse effect on our business, financial condition, results of operations and future prospects.

27. ***If our customers do not continue to outsource manufacturing, or if there is a downward trend in HVAC & R Industry, our sales could be adversely affected.***

We are engaged in the business of providing the components of HVAC & R products as well as on OEM basis. In recent years, RAC brands have increasingly outsourced the manufacturing of their products to manufacturer like us. However, there can be no assurance that they will continue to do so in the future. A customer's decision to outsource is affected by its ability and capacity for internal manufacturing and the competitive advantages of outsourcing. Our sales to our customers are also dependent on their business position and financial health. There can be no assurance that our customers will continue to outsource or increase the share of outsourcing. If RAC brands do not continue to outsource the manufacturing of their products or reduce the amount of manufacturing outsourced by them or if our customers decide to perform these functions internally or use other providers of these services, our future growth could be limited, and our sales and operating results may suffer.

Further, our business is heavily dependent on the performance and market trends of the HVAC sector. Our Revenue from Operations has been increasing at CAGR of 48.33 % over the past 3 years due the trend of increasing demand in the HVAC industry. However, there can be no assurance that the HVAC industry will continue to grow and that we will continue to retain our market share.

The sales of heat exchanger and its components are directly related to the production and sales of air conditioners, refrigerators etc. by our customers. Sales and production of these products may be affected by general economic or industry conditions, including seasonal trends in the HVAC sector, evolving regulatory requirements, government initiatives, trade agreements and other factors. Any economic downturn and recessionary trends in HVAC industry, both in India and in export markets, may significantly affect our business, financial condition, results of operations and prospects. Unfavourable industry conditions can also result in an increase in commercial disputes and other risks. A sustained decline in the demand for these products produced and sold by our customers could prompt them to cut their production volumes, directly affecting the demand and sales from customers for our products.

28. *Information relating to the installed production capacity and capacity utilization of our production Units included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary.*

Information relating to the installed manufacturing capacity of our manufacturing facilities and capacity utilization included in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management, and the capacities of principal and ancillary equipment used in the manufacture of our products. For details of these assumptions and calculation methodology, see ***"Our Business – Capacity utilisation"*** on page 207.

While we have obtained a certificate dated January 01, 2024, from Goyal N Associates, Chartered Engineer in relation to such annual installed capacity of our manufacturing facilities and capacity utilisation, future capacity utilisation may vary significantly from the estimated production capacities of our manufacturing facilities and historical capacity utilisation. For further information, see ***"Our Business – Our Manufacturing Facilities"*** on page 208. Further, the installed capacity, capacity utilisation and other related information may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to capacity information that may be computed and presented by other comparable companies in the industry in which we operate.

Accordingly, actual production levels and rates may differ significantly from the installed capacity information of our facilities or historical installed capacity information of our facilities depending on the product type. Undue reliance should therefore not be placed on our historical installed capacity information for our existing facilities included in this Draft Red Herring Prospectus.

29. *Our business depends upon the capabilities and performance of our Promoters and Senior Management that will be crucial to determine the success and growth of our company. Similar to*

this, the directors of our fully owned subsidiary "KRN HVAC Products Private Limited," where a new manufacturing facility will be established utilizing the net proceeds of the issue, are our Promoters, Santosh Kumar Yadav and Anju Devi. As a result, our promoters are crucial to the project's implementation success in our subsidiary.

Our Promoter Mr. Santosh Kumar Yadav holds a diploma in Business Management from Institute of Management Technology, Centre for Distance Learning, Ghaziabad and a Diploma in Mechanical Engineering from the Board of Technical Education, Rajasthan. He has gathered great experience by working as the head of operations department with LLOYD Electric and Engineering Limited. He has more than 19 years of experience in the business of manufacturing heat exchangers and refrigeration units. The experience of our Promoters and senior management has been critical to our success of our project and business growth. As a result, any loss of the services of any of our Promoters or senior management could materially and adversely affect our business, financial condition and results of operations. The replacement of senior management may not be straightforward or achievable in a timely manner, and we may be required to wait indefinitely to fill positions until we find suitable candidates. Furthermore, attracting and retaining experienced and qualified senior management could require increasing compensation and benefits payable to such personnel, which could affect our operational costs and accordingly, our financial condition and results of operations.

Similarly, as per the objects of the issue, the Net Proceeds from the Issue will be utilized to set up a manufacturing unit in our wholly owned subsidiary ***"KRN HVAC Products Private Limited"*** where our promoters, Santosh Kumar Yadav and Anju Devi, are the whole-time directors in the company. The implementation of the object and setting up of the manufacturing unit will be depended on the capability of our Promoters.

There can be no assurance that attrition rates for our employees, including our management and sales personnel, will not increase. A significant increase in our employee attrition rate could also result in decreased operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in recruitment and training costs, thereby materially and adversely affecting our business, results of operations and financial condition.

30. *We have availed unsecured loans aggregating to ₹ 114.84 Lakh as of September 30, 2023, from Promoters and other companies that are recallable in nature. If these loans are recalled, we may not be able to secure loans on commercially reasonable terms and it could have a material adverse effect on our business, financial condition, and results of operations.*

Our Company has availed unsecured loans from Promoters and other Companies aggregating to ₹ 114.84 Lakh as of September 30, 2023, that are repayable on demand, and which may be recalled by such lenders at any time. Our Company has paid interest ranging from 12.00% p.a. to 16% p.a. on these loans. Details of unsecured loans from our lenders is given in the table below:

(₹ in Lakhs)

Name of the Lender	Outstanding on September 30, 2023		Outstanding on March 31,						Interest Paid on September 30, 2023	Interest Paid on March 31,		
			2023		2022		2021			2023	2022	2021
	Amount	% of Total Debt	Amount	% of Total Debt	Amount	% of Total Debt	Amount	% of Total Debt				
Promoters (A)												
Santosh Kumar Yadav	30.31	0.67%	15.31	0.42%	3.31	0.15%	58.99	3.54%	0.80	1.28	7.02	0.51
Anju Devi	56.13	1.24%	56.13	1.53%	67.93	3.07%	95.94	5.76%	3.38	7.39	11.95	17.82
Other Companies (B)												
Bajaj Finance Limited	28.40	0.63%	31.39	0.86%	-	-	27.69	1.66%	2.09	4.79	2.41	0.45
Fullerton India Credit	-	-	8.52	0.23%	-	-	-	-	0.06	4.18	-	-
Fedbank Financial	-	-	-	-	-	-	27.68	1.66%	-	-	2.26	0.40

Services Limited												
Oxyzo Financial Services Limited	-	-	-	-	150.00	6.78%	75.00	4.50%	8.13	8.33	7.29	0.31
Tata Capital	-	-	8.46	0.23%	-	-	-	-	0.06	4.10	-	-
ICICI Bank Limited	-	-	6.58	0.18%	-	-	27.74	1.67%	-	5.98	2.20	0.47
Kotak Mahindra	-	-	6.62	0.18%	-	-	-	-	-	5.39	-	-
HDFC Bank Limited	-	-	6.61	0.18%	-	-	-	-	-	5.18	-	-
Axis Bank Limited	-	-	-	-	-	-	25.22	1.51%	-	-	1.82	0.65
Total (A)	144.84	2.54%	139.62	3.81%	221.24	10.00%	338.26	20.30%	14.52	46.62	34.95	20.61

**Pursuant to the Certificate Dated January 12, 2024, by our Statutory Auditor, M/s Keyur Shah and Co.*

If such lender seeks repayment of any such unsecured loans, our Company will need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. As a result, any such demand may materially and adversely affect our business, cash flows, financial condition, and results of operations. For further information on unsecured loans relating to our business and operations, see "***Financial Indebtedness***" on page 330.

31. The agreements governing our indebtedness contain conditions and restrictions on our operations, additional financing, and capital structure.

As of **November 30, 2023**, our total outstanding debt was **₹ 4,407.48 Lakhs** which includes secured debt of **₹ 4,357.92 Lakhs** availed from banks. The details of our total debts availed by us is as under:

(Amount In Lakhs)

S. No.	Category of borrowing	Purpose	Sanctioned Date	Validity	Rate of Interest	Sanctioned amount	Outstanding amount as on 30.11.2023
(A)	**Secured Borrowings**						
(A1)	**Fund Based Borrowings**						
(i)	**Term Loans**						
	- State Bank of India	Roof Top Solar System	06.03.2021	85 Months	9.55%	99.50	5.43
	- HDFC Bank Ltd	Car Loan	29.09.2021	84 Months	7.00%	83.60	62.83
	- HDFC Bank Ltd-Working Capital Term Loan	Business Use	31.08.2023	71 Months	10.10%	160.00	76.95
	- HDFC Bank Ltd-Working Capital Term Loan	Business Use	31.08.2023	47 Months	10.10%	140.00	18.41
	- HDFC Bank Ltd-Working Capital Term Loan	Business Use	31.08.2023	72 Months	10.65%	600.00	353.47
	- HDFC Bank Ltd-Working Capital Term Loan**	Business Use	31.08.2023	60 Months	9.65%	500.00	418.06
(ii)	**Cash Credit**						
	HDFC Bank Ltd - Cash Credit*	For availing cash credit facilities as per requirements	31.08.2023	12 Months	9.17%	3200.00	(50.17)
(iii)	**GECL**						
	- State Bank of India Ltd- GECL	For working capital requirements	16.11.2021	60 Months	9.25%	25.00	0.11
	- HDFC Bank Ltd-GECL I	For working capital requirements	31.08.2023	48 Months	9.25%	61.00	13.45
	- HDFC Bank Ltd-GECL II	For working capital requirements	31.08.2023	60 Months	9.25%	288.00	288.00
	TOTAL (A1)					**5,157.10**	**1,186.54**

S. No.	Category of borrowing	Purpose	Sanctioned Date	Validity	Rate of Interest	Sanctioned amount	Outstanding amount as on 30.11.2023
(A2)	**Non-Fund Based Borrowings**						
	- HDFC Bank Ltd-Letter of Credit#	For working capital requirements	31.08.2023	3 Months	0.50%	4,600.00	2,866.88
	- HDFC Bank Ltd-Letter of Credit	For working capital requirements	31.08.2023	3 Months	0.50%	300.00	0.00
	- HDFC Bank Ltd-Foreign Bill Discounting Backed by Letter of Credit	For working capital requirements	31.08.2023	12 Months	0.50%	500.00	0.00
	- HDFC Bank Ltd-Pre-Settlement Risk (PSR)	For working capital requirements	31.08.2023	6 Months	1.80%	200.00	0.00
	- HDFC Bank Ltd-Retail Bank Guarantee	For working capital requirements	31.08.2023	18 Months	1.80%	9.93	0.00
	- HDFC Bank Ltd-Retail Bank Guarantee	For working capital requirements	31.08.2023	24 Months	1.80%	13.00	0.00
	- HDFC Bank Ltd-Pre-Shipment Credit	For working capital requirements	31.08.2023	12 Months	9.50%	500.00	304.50
	- HDFC Bank Ltd-Drop Line Overdraft (DRUL)	For working capital requirements	31.08.2023	12 Months	9.50%	200.00	0.00
	- HDFC Bank Ltd-Purchase Card	For working capital requirements	31.08.2023	12 Months	-	15.00	0.00
	- HDFC Bank Ltd-Corporate Card	For working capital requirements	31.08.2023	12 Months	-	5.00	0.00
	TOTAL (A2)					**6,342.93**	**3,171.38**
	TOTAL (A1) + (A2)					**11,500.03**	**4,357.92**
(B)	**Unsecured Borrowings**						
(i)	**From Directors**						
	Santosh Kumar Yadav	-	-	-	12%	350.00	0.17
	Anju Devi	-	-	-	12%	350.00	49.39
	Total B1					**700.00**	**49.56**
	Total Outstanding Borrowings (A1+A2+B1)					**12,200.03**	**4,407.48**

We have entered several borrowing facilities of varying terms and tenures with the banks; however, no such terms have been agreed with the borrowings availed from promoters. The financing agreements governing such facilities availed from banks include conditions and restrictive covenants that require us to obtain consents, no-objections or waivers from lenders prior to carrying out specified activities or entering into certain transactions, including, among other things, incurring additional debt, prepaying existing debt, declaring dividends or incurring capital expenditures beyond prescribed thresholds, amending our constitutional documents, changing our capital structure, shareholding pattern or management, and selling, transferring, leasing or disposing our encumbered assets

Although we have taken the consent of our lenders namely HDFC Bank Limited, Citibank N.A. and State Bank of India for undertaking activities in relation to our Initial Public Offering vide their letters dated June 14, 2023, January 04, 2024 and June 20, 2023 respectively, undertaking any of

the above without the consent of our lenders or non-compliance with any of the covenants of our financing agreements, constitute defaults under the relevant financing agreements and will entitle the respective lenders to declare a default against us and enforce remedies under the terms of the financing agreements, that include, among others, acceleration in repayment of the amounts outstanding under the financing agreements, enforcement of any security interest created under the financing agreements and taking possession of the assets given as security in respect of the financing agreements. Further, we cannot assure you that we will be able to obtain approvals to undertake any of these activities as and when required or to comply with such covenants or other covenants in the future. A default by us under the terms of any financing agreement may also trigger a cross-default under some of our other financing agreements, or any other agreements or instruments of our containing cross-default provisions, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay its debts when they fall due.

Further, we are required to, amongst other obligations, comply with certain financial covenants including maintaining the prescribed inventory margins, insurance covers on the hypothecated properties and lien creation. Our hypothecated assets comprise of our stocks, raw materials, semi-finished and finished goods, consumable stores and spares and such other movable current assets including book debts, bills whether documentary or clean, outstanding monies, receivables, both present and future. We have also mortgaged our immovable assets including the residential properties of Promoters in favour of the bank to secure the aforesaid facilities. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. Any fluctuations in the interest rates may directly impact the interest costs of such loans and affect our business, financial condition, results of operations and prospects. Our ability to make repayments and refinance our indebtedness will depend on our continued ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt.

For details of our borrowings, see chapter titled "***Financial Indebtedness***" on page 330.

32. We have in the past entered related party transactions and may continue to do so in the future.

In the ordinary course of our business, we enter and will continue to enter into transactions with related parties. For details regarding our related party transactions, see "***Restated Financial Information—Note 41—Restated Statement of Related Party Transactions***" on page ***312***. These transactions include, inter alia Remuneration, salary, Unsecured Loan granted or accepted, rent expenses etc.

Further, details of related party transactions with our Promoter and Promoter Group (when taken together) in each period aggregating to more than 10% of the total transactions of a similar nature in the period ended September 30, 2023 and Financial Year ended 2023, 2022 and 2021 are set out below:

(₹ in Lakhs)

S. No	Nature of Transaction	For the period ended September 30, 2023		Financial Year ended 2023		Financial Year ended 2022		Financial Year ended 2021	
		Amount involved in transactions with related parties	% of total transactions of similar nature	Amount involved in transactions with related parties	% of total transactions of similar nature	Amount involved in transactions with related parties	% of total transactions of similar nature	Amount involved in transactions with related parties	% of total transactions of similar nature
1	Remuneration	45.00	100.00%	47.52	100.00%	37.80	100.00%	41.00	100.00%
2	Salary	17.32	2.75%	9.65	1.17%	6.81	1.28%	2.36	0.60%
3	Unsecured Loan Taken	60.25	7.44%	110.20	7.06%	159.50	27.29%	101.00	26.17%
4	Interest on	4.18	2.07%	8.67	2.84%	18.97	12.29%	18.33	14.32%

S. No	Nature of Transaction	For the period ended September 30, 2023		Financial Year ended 2023		Financial Year ended 2022		Financial Year ended 2021	
		Amount involved in transactions with related parties	% of total transactions of similar nature	Amount involved in transactions with related parties	% of total transactions of similar nature	Amount involved in transactions with related parties	% of total transactions of similar nature	Amount involved in transactions with related parties	% of total transactions of similar nature
	Loan								
5	Rental Income	-	-	1.32	100.00%	1.20	100.00%	-	-
6	Trade Receivable	580.14	3.61%	1,273.70	5.15%	1,728.20	11.07%	31.62	0.42%
7	Trade Payables	3.97	0.03%	-	-	33.68	0.24%	-	-

**Pursuant to the Certificate Dated January 09, 2024, by our Statutory Auditor, M/s Keyur Shah and Co*

While all related party transactions that we have entered into are conducted on an Arms' Length Basis in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter into post-listing, will be subject to Board or Shareholder approval, as necessary under the Companies Act and the Listing Regulations, in the interest of the Company and in compliance with the Listing Regulations, we cannot assure you these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company. There can be no assurance that our directors and executive officers will be able to address such conflicts of interests or others in the future.

For more details, see "***Restated Financial Information*** - ***Note 41- Related Party Disclosures"*** on page 312.

33. *We have contingent liabilities that have not been provided for in our Company's financials which if materialised, could adversely affect our financial condition.*

As of September 30, 2023, we had ₹ **665.06 Lakhs** of contingent liabilities that had not been provided for. A summary table of our contingent liabilities as of September 30, 2023, as disclosed in the Restated Financial Information is set forth below:

(₹ in Lakhs)

Particulars	As on September 30, 2023
Contingent Liabilities	
Under Direct Tax	8.69
Under Indirect Tax	146.84
Under EPCG/ Advance Authorisation Import Duty Benefit received from DGFT not considered as liability until it fulfils the Export Obligation	509.53
Total	**665.06**

For details, see ***"Restated Financial Information***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations - Contingent Liabilities***" on pages 260 and 336, respectively, for more information. Any or all of these contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities become non-contingent, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Financial Year or in the future.

34. *Certain sections of this Draft Red Herring Prospectus disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.*

Pursuant to being engaged by us, Dun and Bradstreet Information Services India Private Limited, which is not related to our Company, our directors or our Promoters prepared a report dated September 04, 2023 entitled, ""Industry Assessment: Indian Heat Exchanger Industry". Certain sections of this Draft Red Herring Prospectus include information based on, or derived from, the D&B Report or extracts of the D&B Report. None of our Company (including our directors), and the BRLM possess the professional skills to evaluate the accuracy, adequacy, completeness and objectivity of, or verify, the information covered in the D&B Report and cannot provide any assurance regarding the information in this Draft Red Herring Prospectus derived from, or based on, the D&B Report. All such information in this Draft Red Herring Prospectus indicates the D&B Report as its source. Accordingly, any information in this Draft Red Herring Prospectus derived from, or based on, the D&B Report should be read taking into consideration the foregoing.

Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Accordingly, investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Draft Red Herring Prospectus based on, or derived from, the D&B Report. You should consult your own advisors and undertake an independent assessment of information in this Draft Red Herring Prospectus based on, or derived from, the D&B Report before making any investment decision regarding the Issue. See ***"Industry Overview"*** on page 147.

35. ***Our management will deploy net proceeds pending utilization for objects to issue in scheduled commercial banks and there is no assurance that the objects of the Issue will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Any variation in the utilisation of the Net Proceeds or in the terms as disclosed in the Red Herring Prospectus would be subject to certain compliance requirements, including prior shareholders' approval.***

We intend to use the Net Proceeds for (i) Investment in our wholly owned subsidiary, KRN HVAC Products Private Limited for setting up a manufacturing unit **("Proposed Project")**; and (ii) general corporate purposes. The deployment of the Net Proceeds is based on management estimates, current circumstances of our business and prevailing market conditions and has not been appraised by any bank, financial institution or other independent institution. We may have to revise our funding requirements and deployment from time to time due to various factors, such as changes in costs, financial and market conditions, business and strategy considerations and interest and exchange rate fluctuations or other external factors, which may or may not be within the control of our management. This may entail rescheduling and revising planned expenditure and funding requirements and increasing or decreasing expenditures for a particular purpose from planned expenditures at the discretion of our management and subject to applicable law. Accordingly, investors in Equity Shares will be relying on the judgment of our management regarding the application of the Net Proceeds. The application of Net Proceeds in our business may not lead to an increase in the value of your investment.

Further, we will appoint a monitoring agency for monitoring the utilization of Net Proceeds in accordance with Regulation 41 of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds or in the terms of any contract as disclosed in this Draft Red

Herring Prospectus without obtaining the Shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations.

Further, our Promoters would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to change the objects of the Issue or vary the terms of such contracts, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters to provide an exit opportunity to such dissenting shareholders may deter the Promoters from agreeing to the variation of the proposed utilization of the Net Proceeds, even if such variation is in our interest. This may restrict our ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of the Net Proceeds, if any, or varying the terms of any contract, which may adversely affect our business and results of operations.

Various risks and uncertainties, including those set forth in this section ***"Risk Factors",*** may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. For details see, ***"Objects of the Issue"*** on page 108.

36. *Our Company, its Promoters and our Directors are party to certain legal proceedings. Any adverse outcome in such proceedings may have an adverse impact on our reputation, business,* financial condition*, results of operations and cash flows.*

Our Company, Promoters and Directors are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The summary of outstanding litigation in relation to our Company, our Promoters and Directors as on the date of this Draft Red Herring Prospectus have been provided below in accordance with the Materiality Policy adopted by our Board. For details, see "***Outstanding Litigation and Material Developments***" on page 359.

(₹ in Lakhs)

Name of Entity	Criminal Proceeding	Tax Proceeding		Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigation**	Aggregate amount involved (Rs in Lakhs)^
		Direct Tax	Indirect Tax				
Company							
By the Company	-	-		-	-	-	-
Against the Company	-	2*	1	-	-	-	8.15**
Directors (Other than Promoters)							
By our Directors	-	-	-	-	-	1	11.58
Against Directors	-	-	-	-	-	-	-
Promoters							
By Promoters	-	-	-	-	-	1	Not Quantifiable
Against Promoters	-	-	-	-	-	2^^	Not Quantifiable
Subsidiary							
By Our Subsidiary	-	-	-	-	-	-	-
Against Our Subsidiary	-	-	-	-	-	-	-
Group Company							
By Our Group Company	-	-	-	-	-	-	-
Against Our	-	-	-	-	-	-	-

Name of Entity	Criminal Proceeding	Tax Proceeding		Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigation**	Aggregate amount involved (Rs in Lakhs)^
		Direct Tax	Indirect Tax				
Group Compnay							

**To the extent quantifiable and ascertainable.*

***Amount does not include unquantifiable demand with respect to proposed adjustment in income of Rs. 6,194/- for the A.Y. 2023-24 under Section 143(1) of the Income Tax Act, 1961.*

****The Company is in receipt of intimation in the Form GST DRC-01C with respect to difference in input tax credit availed in GSTR-3B and available as per GSTR-2B for the period September 2023 amounting to Rs. 1,46,83,606.30/-. The Company has furnished reply against such intimation. However, no show cause notice has been issued in respect of said matter under the provisions of the CGST Act.*

^^The said case includes the case filed against our Promoters Anju Devi and Santosh Kumar Yadav and the amount involved is Rs. 14,00,000/- along with interest @15% p.a.

The amounts mentioned above may be subject to additional interest/ penalties being levied by the concerned authorities which have not been included above as not being ascertainable as on date of this Draft Red Herring Prospectus. We cannot assure you that these proceedings will be decided in favour of our Company, Promoters or our Directors, as the case may be. Any adverse decision in such proceedings may render us liable to penalties and may have a material adverse effect on our reputation, business and financial condition. Additionally, during the course of our business we are subject to risk of litigation in relation to contractual obligations, employment and labour laws, personal injury and property damage, etc.

Furthermore, if we get involved in disputes with third-parties in the course of our operations such as suppliers, customers and sub- contractors, the same may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule, and the diversion of resources and management's attention, regardless of the outcome. We may also have disagreements with regulatory authorities in the course of our operations, which may subject us to legal proceedings and unfavorable decisions that may result in penalties or delay or disrupt our development and operations.

37. All our two (2) Promoters and our Group Company have provided personal guarantees for secured loan facilities obtained by us, and any failure or default by us to repay such loans could trigger repayment obligations on our Promoters and members of the Promoter Group, which may also impact our Promoter's ability to effectively service its obligations as our Promoter and thereby, adversely impact our business and operations.

As of November 30, 2023, the secured borrowings aggregating to ***₹ 4,357.92 lakhs*** have been sanctioned by scheduled commercial banks to our Company. Our promoters, namely Mr. Santosh Kumar Yadav, Mrs. Anju Devi, have provided their personal guarantee in securing these borrowings. Further our promoter group company, namely KRN Coils Private Limited, as given its corporate guarantee for securing these limits. As of November 30, 2023, outstanding amounts from secured credit facilities personally guaranteed by our Promoters and member of the Promoter Group amounted to ***₹ 4,357.92 Lakhs***, which constitutes ***98.88%*** of our total indebtedness aggregating to ***₹ 4,407.48 Lakhs*** as on such date.

Although we have in our history never defaulted in repayments of loan and interest and have Debt Service Coverage Ratio of 16.18 times, 8.46 times, 6.17 times and 2.09 times for the period ended on September 30, 2023 and Financial Year ending on March 31, 2023, March 31, 2022 and March 31, 2021 respectively, any default or failure by us to repay our loans in a timely manner or at all could trigger repayment obligations on the part of our Promoters and certain member of the Promoter Group, in respect of such loans. This could have an adverse effect on our business, results of operation and financial condition. We may not be successful in procuring guarantees to supplement/ substitute the guarantees provided by our Promoters and member of Promoter Group satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could affect our

business prospects, financial condition, results of operations and cash flows.

38. ***Our manufacturing activities are dependent on the delivery of adequate and uninterrupted supply of electrical power at a reasonable cost. Any shortage or any prolonged interruption or increase in the cost of power could adversely affect our business, result of operations, financial conditions and cash flows.***

Adequate and cost-effective supply of electrical power is critical to our operations. We have our Units at Plot No. F-46, 47, 48, 49, EPIP, RIICO Industrial Area, Neemrana, Alwar, Rajasthan which depend on the delivery of an adequate supply of electrical power. We also have rooftop PV solar power panels installed at both units. We rely upon diesel generator sets to ensure continuity of operations in case of power outage. There have been no major instances of power failure in the last three years. There can however be no assurance that electricity supplied to our existing Units will be sufficient to meet our requirements or that we will be able to procure adequate and uninterrupted power supply in the future at a reasonable cost. If the per unit cost of electricity is increased by the state electricity board our power cost will increase. An interruption in or limited supply of electricity may result in suspension of our manufacturing operations. A prolonged suspension in production could materially and adversely affect our business, financial condition, results of operations or cash flows.

39. ***We may not be able to protect our trademarks from infringement.***

We have registered our " KRN HEAT EXCHANGERS " brand name and logo as registered trademarks in India. Additionally, as on the date of this Draft Red Herring Prospectus, we have obtained trademarks registrations, including for our logo under class 11. Although we take steps to monitor the possible infringement or misuse of our trademarks, it is possible that third parties may infringe, dilute or otherwise violate our trademark rights. Any unauthorized use of our trademarks could harm our reputation or commercial interests. In addition, our enforcement against third-party infringers or violators may be unduly expensive and time-consuming, and any remedy obtained may constitute insufficient redress relative to the damages we may suffer. For details, see chapter titled "***Government and Other Approvals***" on page 366.

40. ***If we are subject to any frauds, theft, or embezzlement by our employees, suppliers or customers, it could adversely affect our reputation, results of operations, financial condition and cash flows.***

Our operations may be subject to incidents of theft. We may also encounter some inventory loss on account of employees/ supplier/ customer fraud, theft, or embezzlement. Although we have set up various security measures in our units such as deployment of security guards and operational processes such as periodic stock taking, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, results of operations, financial condition and cash flows.

Additionally, in case of losses due to theft, fire, breakage or damage caused by other casualties, there can be no assurance that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. If we incur a significant inventory loss due to third-party or employee theft and if such loss exceeds the limits of, or is subject to an exclusion from, coverage under our insurance policies, it could have an adverse effect on our business, results of operations and financial condition. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

41. ***Our inability to collect receivables from our customers or default in payment by them could result in the reduction of our profits and affect our cash flows.***

Our operations involve extending credit for extended periods of time to our customers in respect of our products and consequently, we face the risk of non-receipt of these outstanding amounts in a timely manner or at all, particularly in the absence of long-term arrangements with our customers. While we have not adopted any credit policy, we typically operate on pre-sanctioned credit limits with customers and cannot guarantee that our customers will not default on their payments. While we generally monitor the ability of our customers to pay these open credit arrangements and limit the credit, we extend to what we believe is reasonable based on an evaluation of each customer's financial condition and payment history, we may still experience losses because of a customer being unable to pay. As a result, while we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate. As majority of our customers operate from foreign jurisdictions, pursuing legal remedies to collect the trade receivables may involve paying higher legal fees and other expenses. Our inability to collect receivables from our customers in a timely manner or at all in future, could adversely affect our working capital cycle and cash flows. In period ended on September 30, 2023, Financial Year 2023, 2022 and 2021, our trade receivables were ₹ 4,228.11 Lakhs, ₹ 3,865.83 Lakhs, ₹ 2979.02 Lakhs and ₹ 1751.65 Lakhs respectively, which represented 26.32%, 15.62%, 19.08% and 23.10% of our Revenues from Operations for such periods, respectively. Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy of our customers and as a result could cause customers to delay payments to us, request modifications to their payment arrangements, that could increase our receivables or affect our working capital requirements or default on their payment obligations to us. An increase in bad debts or in defaults by our customers may compel us to utilize greater amounts of our operating working capital and result in increased financing costs, thereby adversely affecting our results of operations and cash flows.

42. Our insurance may be insufficient to cover all losses associated with our business operations.

Our insurance policies currently cover our inventories at manufacturing facility, secure rooms, transit, theft and while being handled by our employees, including with respect to fire, burglary, special perils and vehicles. Notwithstanding the insurance coverage that we carry, we may not be fully insured against abnormal business risks. There are many events that could significantly impact our operations, or expose us to third-party liabilities, for which we may not be adequately insured. There can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected.

The standard disclosures with respect to all the insurances availed by our company is as follows:

(₹ in Lakhs)

S. No	Name of the company	Insurance Name	Policy Number	Insured Amount (In Rs. Lakhs)	Date of Expiry
1	ICICI Lombard General Insurance Company Ltd	Group Health (Floater) Insurance Policy	4016/X/297814226/00/000	112.00	June 27, 2024
2	ICICI Lombard General Insurance Company Ltd	Group Personal Accident Policy	4005/297911638/00/000	610.00	June 27, 2024
3	United India Insurance Company Limited	General Liability Insurance Policy	1417012723P103306874	900.00	June 26, 2024
4	National Insurance Company Limited	Stock Policy	376010112310000002	13,200.00	July 22, 2024
5	National Insurance Company Limited	Marine Insurance	376010212310000009	32,500.00	August 12, 2024
6	ICICI Lombard General Insurance Company Ltd	Vehicle Insurance	3001/O/MB148741/00/000	57.53	October 9, 2024
7	HDFC Ergo General Insurance Company Ltd	Vehicle Insurance	2302205767857900000	10.60	October 16, 2024

S. No	Name of the company	Insurance Name	Policy Number	Insured Amount (In Rs. Lakhs)	Date of Expiry
8	National Insurance Company Limited	Vehicle Insurance	376010312310000849	3.50	August 29, 2024
9	National Insurance Company Limited	Vehicle Insurance	376010312310000932	16.50	September 29, 2024
10	National Insurance Company Limited	Vehicle Insurance	376010312210002640	8.50	March 29, 2024

43. We may be subject to labour unrest, slowdowns and increased wage costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. Our employees are not unionized. However, in the event that employees seek to unionize, it may become difficult for us to maintain flexible labour policies, which may increase our costs and adversely affect our business. A potential increase in the salary scale of our employees because of organization or unrest, or a disruption in services from our employees due to potential strikes, could adversely affect our business operations and financial condition.

44. Our ability to grow our business depends on our relationships with our customers and any adverse changes in these relationships, or our inability to enter new relationships and thereby expand our customer network, could negatively affect our business and results of operations.

Our business is dependent on the decisions and actions of our customers which is determined by our ability to maintain and strengthen our relationships and arrangements with existing customers. Our relationship with our customers is dependent to a large extent on our ability to regularly meet their requirements, including by introducing products with greater marketability, price competitiveness, efficient and timely product deliveries and consistent product quality. In the event we are unable to meet such requirements in the future, it may result in decrease in orders or cessation of business from affected customers. There are also a number of factors relating to our customers beyond our control that might result in the termination of our arrangement or the loss of a customer relationship, including change in preferences of our customers as well as a demand for price reductions. Further, the deterioration of the financial condition or business prospects of these customers could affect their ability to maintain inventory and thus reduce demand for our products and could result in a significant decline in the revenues we derive from such customers. Adverse changes in our relationships with our customers or the inability to develop new products for existing customers or to successfully establish relationships with new customers, could therefore limit our business prospects, which could adversely affect our financial performance.

We may also face disruptions in the delivery of our products for various reasons beyond our control, including poor freight forwarding of our products, transportation bottlenecks, natural disasters, infectious disease outbreaks such as the pandemics, acts of war and labour issues, which could lead to deliveries being delayed or lost, resulting in insufficient inventories with our customers. If we fail to deliver products to our customers in a timely manner our business and results of operations may be adversely affected.

45. The schedule of our estimated deployment of Net Proceeds is subject to inherent uncertainties.

The fund requirement and deployment are based on internal management estimates and our Company's current business plan and are subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy. These estimates have not been appraised by any bank or financial institution. In view of the dynamic nature of the sector and specifically that of our business, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not

be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects. For further details refer to ***"Objects of the Issue"*** on page 108.

46. *Our ability to pay dividends or conduct share buybacks in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and lender consents and we cannot assure you that we will be able to pay dividends or conduct Share buybacks in the future.*

Our Company has not declared and paid dividends in the past. Any dividends to be declared and paid in the future are required to be recommended by our Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Our Company's ability to pay dividends in the future will depend on a number of internal and external factors, which, *inter alia*, include (i) profits earned by our Company, (ii) present and future capital requirements, (iii) overall financial position of our Company, and (iv) uncertainty in economic conditions. We cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Shareholders in future consistent with our past practices, or at all. For details pertaining to our dividend policy, see "***Dividend Policy***" on page 259.

47. *We have included certain non-GAAP financial and operational measures related to our operations and financial performance that may vary from any standard methodology that may be applicable across the industry in which we operate, and which may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by similar companies.*

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance have been included in this Draft Red Herring Prospectus. We compute and disclose such non-GAAP financial measures and such other industry related statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of Heat Exchanger industry, many of which provide such non-GAAP financial measures and other industry related statistical and operational information. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Draft Red Herring Prospectus.

These non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other companies. For further information, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" on page 336.

48. *The industry segment in which we operate being fragmented, we face competition from other players, which may affect our business operations and financial conditions.*

We compete in HVAC industry on the basis of the quality of our products, price, and reliability. The industry in which we operate is competitive. Factors affecting our competitive success include, amongst other things, price, demand for our products, availability of raw materials, brand recognition and reliability. Our competitors vary in size, and may have greater financial, production, marketing,

personnel and other resources than us and certain of our competitors have a longer history of established businesses and reputations in the global HVAC industry as compared with us. Competitive conditions may cause us to incur lower net selling prices and reduce gross margins and net earnings. These conditions may continue indefinitely. Changes in the identity, ownership structure, and strategic goals of our competitors and the emergence of new competitors in our target markets may impact our financial performance. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability. Also, see section titled ***"Our Business - Competition"*** on page 213.

49. We may be subject to unionization, work stoppages or increased labour costs, which could adversely affect our business and results of operations.

Our industry is labour intensive. The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. As of November 31, 2023, we employed about 534 employees including 385 contractual employees across our units. We do not have any trade union registered under the Trade Unions Act, 1926. In the past three years, we have not experienced any labour dispute. We do not have any formal policy for redressal of labour disputes. Although we have not experienced any major interruption to our operations as a result of labour disputes in the recent past, there can be no assurance that we will not experience any such disruption in the future as a result of disputes or disagreements with our work force, which may adversely affect our ability to continue our business operations. We may also have to incur additional expense to train and retain skilled labour. We are also subject to a number of stringent labour laws that protect the interests of workers, including legislation that imposes financial obligations on employers upon retrenchment. There can be no assurance that we will not experience labour unrest in the future, which may delay or disrupt our operations. Any labour unrest including labour disputes, strikes and lockouts, industrial accidents, experienced by us could directly or indirectly prevent or hinder our normal operating activities and, if not resolved in a timely manner, could lead to disruptions in our operations. In the event of any prolonged delay or disruption of our business, results of operations and financial condition could be materially and adversely affected.

50. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls may adversely impact our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud.

51. Our inability to accurately forecast demand or price for our products and manage our inventory may adversely affect our business, results of operations, financial condition and cash flows.

Our business depends on our estimate of the demand for our products from customers. We estimate demand for our products based on past sales and advance purchase order. If we overestimate demand, we may purchase more raw materials and manufacture more products than required. If we underestimate demand, we may manufacture fewer quantities of products than required, which could result in delayed or non-fulfilment of purchase orders resulting in loss of customers, goodwill and business. In addition, if our products do not achieve widespread acceptance or our customers, change their procurement preferences, we may be required to incur significant inventory markdowns or may not be able to sell the products at all, which would affect our business, results of operations and financial condition. As such, our inability to accurately forecast demand for our products and manage our inventory may have an adverse

effect on our business, results of operations, cash flows and financial condition.

52. *Our Promoters or Directors may have interests, either directly or indirectly, in ventures involved in a business similar to us, which may result in a real or potential conflict of interest.*

Our Promoters or Directors may also be on the board of directors or have commercial relationships with other ventures that may potentially compete with our Company, subject to the provisions and disclosure requirements provided under the code of conduct for board of directors and senior management personnel, the Companies Act and the SEBI Listing Regulations. For further details in relation to our Directors and Promoters, please see the sections entitled ***"Our Management"*** and ***"Our Promoters and Promoter Group"*** on pages 233 and 251, respectively.

Such interest and relationships of our Promoters and Directors may result in a real or potential conflict of interest affecting our business. While we continue to adhere to the requirements of the Companies Act, 2013 and the SEBI Listing Regulations, there can be no assurance that these or other conflicts of interest will be resolved in a timely and efficient manner.

Conflicts may arise in the ordinary course of decision-making by the Promoters or Board of Directors of our Company. For instance, one of our Group Companies, KRN Coils Private Limited, is authorized to carry out business similar to ours, which includes, manufacturing, buying, selling, importing, exporting of heat exchangers and its components, and our Promoters, Mr. Santosh Kumar Yadav and Mrs. Anju Devi is on its board of directors. Further there is no assurance that our directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter in future. Such factors may have an adverse effect on the results of our operations and financial condition. Further we share the same premises of our registered office with our Group Company. There is no separate sub-lease agreement, rent sharing agreement or area sharing agreement. In case of any dispute, we may suffer a disruption in our operations which could have an adverse effect on our business and operations. Any multiple or overlapping use of the said facilities may create some disruption which may affect our business operations.

53. *Our Promoter, also being the Managing Director, and some other Directors and Key Managerial Personnel of our Company, hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.*

Our Promoter, also being the Managing Director, and some other Directors and Key Managerial Personnel of our Company, are interested in our Company, in addition to their remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. Our Promoter, Directors and KMPs shall abide by the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and protect the interests of the Company. However, in case of any conflict of interest our Promoter, Directors and KMPs shall keep the interests of our Company first over their personal interest, we cannot assure you that they will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoter, Directors and KMPs may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For further information on the interest of our Promoter, Directors and KMPs of our Company, other than reimbursement of expenses incurred or remuneration or benefits, please see the chapters titles ***"Our Management"*** and ***"Our Promoter and Promoter Group"*** beginning on pages 233 And 251., respectively.

54. *The inability to protect, strengthen and enhance our existing reputation could adversely affect our business prospects and financial performance.*

Our business reputation is critical to the success of our business. While we have been making consistent efforts to strengthen our image, various factors, some of which are beyond our control, are critical for maintaining and enhancing our reputation and if not managed properly, may negatively affect our brand and reputation. These include our ability to effectively manage the quality of our products, increase brand awareness among existing and potential customers, adapt our advertising and promotion efforts to emerging industry standards and protect the intellectual property related to our brand.

Our success in marketing our existing and new products depends on our ability to adapt to a rapidly changing marketing and media environment, including our increasing reliance on direct promotional initiatives. There can be no assurance that our marketing efforts will be successful in maintaining our reputation and its perception with customers and/ or result in increased sales in the future. Also, we may not necessarily increase or maintain our sales promotion spending in proportion to our growth in the future, which may result in limited marketing initiatives. Our inability to adapt to evolving marketing trends at the same pace as our competitors may adversely affect our ability to effectively compete in terms of our image value.

Our reputation could also be negatively impacted if we fail to maintain our established standards of service, or if our products fail to meet the expectation of our customers. Any allegations of deterioration in product quality even when false or unfounded, could tarnish our image and may cause our customers to choose other competing products. Any negative publicity regarding us, our reputation, our products or the stones industry generally could adversely affect our business and our results of operations. Other risks associated with our industry include improper disclosure of proprietary information, negative comments about our brands or standard of service, exposure of personally identifiable information, fraud, hoaxes or malicious exposure of false information. The inappropriate use of social media by our customers, employees, suppliers or other third parties could also harm our reputation thereby increasing our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our business, results of operations and financial condition. In addition, counterfeit products, product defects and ineffective promotional activities are all potential threats to the image and potency of our brand. Our failure to develop, maintain and enhance our brand may result in decreased revenue and loss of customers and in turn adversely affect our reputation, business, financial condition, results of operations and cash flows.

55. We have not entered into any formal arrangement for technical support service for maintenance and smooth functioning of our equipment's and machineries, which may affect our performance.

Our manufacturing processes involve daily use of technical equipment's and machineries. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Our Company has not entered into any formal technical support service agreements with a competent third-party vendor. However, Company has an in-house team for maintenance and advancement of machinery. Our failure to reduce the downtime in as such events occur may adversely affect our productivity, business and results of operations.

56. We have allotted 21,36,000 equity shares within the last twelve months, which may be at a price below the Issue Price.

Our company has undertaken a private placement issue of 21,36,000 equity shares having face value of ₹ 10/- each at an issue price of ₹ 152/- per equity shares within the last twelve months from date of filing the Draft Red Herring Prospectus to certain members of public. Since the Issue price of this Initial Public Offering has not been determined yet, there is no guarantee that the company may issue equity share at price higher than the price on which shares are issued in last twelve months i.e ₹ 152/- per equity shares.

EXTERNAL RISK FACTORS

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

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising financial or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition, results of operations, and cash flows, and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares. We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the countries in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- epidemic, pandemic or any other public health in India or in countries in the region or globally, including in India's various neighboring countries, such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID-19 pandemic;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend our operations;
- prevailing regional or global economic conditions, including in India's principal export markets;

- other significant regulatory or economic developments in or affecting India or its consumption sector;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown due to these factors could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

58. Changing regulations in India could in lead to new compliance requirements that are uncertain.

The regulatory environment in which we operate is evolving and is subject to change. The Government of India may implement new laws or other regulations that could affect the HVAC & R industry, which could lead to new compliance requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations.

The Taxation Laws (Amendment) Act, 2019, also prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favor of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which would ultimately reduce the effective tax rate (on gross basis) for Indian companies from 34.94% to approximately 25.17%. Any such future amendments may affect our ability to claim exemptions that we have historically benefited from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. Due to COVID -19 pandemic, the GoI had also passed the Taxation and Other Laws (Relaxation of Certain Provisions) Act, 2020, implementing relaxations from certain requirements under, amongst others, the Central Goods and Service Tax Act, 2017 and Customs Tariff Act, 1975.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017. For example, as of July 1, 2017, a national GST, in India replaced taxes levied by central and state governments with a unified tax regime in respect of the supply of goods and services for all of India, which resulted in changes to India's Heat Exchanger industry. Currently, the GST rate for is 18%, but it could be subject to change going forward. Any such changes to the GST rate or rules and regulations surrounding GST and the related uncertainties with respect to the implementation of GST may have a material adverse effect on our business, financial condition and results of operations.

Further, as GST is implemented, there can be no assurance that we will not be required to comply with additional procedures or obtain additional approvals and licenses from the government and

other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. With the implementation of GST, we are obligated to pass on any benefits accruing to us as result of the transition to GST to the consumer thereby limiting our benefits. In order for us to utilize input credit under GST, the entire value chain has to be GST compliant, including us. While we are and will continue to adhere to the GST rules and regulations, there can be no assurance that our suppliers and dealers will do so. Any such failure may result in increased cost on account of non-compliance with the GST and may adversely affect our business and results of operations.

We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

The Government of India has passed new laws relating to social security, occupational safety, industrial relations and wages namely, the Code on Social Security, 2020, the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, respectively which were to take effect from April 1, 2021 (collectively, the "**Labor Codes**"). The Government of India has deferred the effective date of the Labor Codes and they shall come into force from such date as may be notified by the Government. Further, the Code on Social Security, 2020 ("**Social Security Code**") will impact overall employee expenses and, in turn, could impact the profitability of our Company. Under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government), of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

59. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of the Equity Shares.

60. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows. Further, economic developments globally can have a significant impact on our principal markets. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("Brexit"), there remains significant uncertainty around the terms of theirfuture relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments. The full scale military invasion of Russia into Ukraine and the subsequent sanctions placed on Russia by various countries has substantially affected the economic stability of the world and such volatility could impact the Company's growth.

In addition, the USA is one of India's major trading partners and any possible slowdown in the American economy as well as a strained relationship with India could have an adverse impact on the trade relations between the two countries. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition, results of operation, and cash flows. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, results of operations, and cash flows, and reduce the price of the Equity Shares.

61. If inflation rises in India, increased costs may result in a decline in profits. Inflation rates in India have been volatile in recent years, and such volatility may continue.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to adequately pass on to our clients, whether entirely or in part, and may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or entirely offset any increases in costs with increases in prices for our products. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the Government has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

62. *Investors may have difficulty in enforcing foreign judgments against our Company or our management.*

Our Company is a company incorporated under the laws of India. All Directors on the Board of Directors of our Company and our employees are residents of India and substantial portion of our assets and such persons are located in India. As a result, it may not be possible for prospective investors outside India to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or would enforce foreign judgments if that court was of the view that the number of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908 ("CPC"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except (a) where the judgment has not been pronounced by a court of competent jurisdiction; (b) where the judgment has not been given on the merits of the case; (c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (d) where the proceedings in which the judgment was obtained were opposed to natural justice; (e) where the judgment has been obtained by fraud; and (f) where the judgment sustains a claim founded on a breach of any law then in force in India. Further, India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, United Arab Emirates, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the CPC. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. The party in whose favor a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment.

63. *A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.*

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been

formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of SEBI (SAST) Regulations, 2011.

64. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time taken for such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

65. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then a prior regulatory approval will be required. Further, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/ departments are responsible for granting approval for foreign investment. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities.

In addition, in accordance with circular, dated October 15, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions or at all.

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see ***"Restrictions on Foreign Ownership of Indian Securities"*** on page 423.

RISKS RELATING TO EQUITY SHARES

66. Pursuant to listing of the Equity shares of our Company, our Company may be subject to pre-emptive

surveillance measures like Additional Surveillance Measures ("ASM") and Graded surveillance Measures ("GSM") by the Stock Exchanges in order to enhance market integrity and safeguard the interest of the investors.

On and post the listing of equity shares of our Company, our Company may be subject to ASM and GSM by the Stock Exchange(s) and the SEBI. These measures have been introduced in order to enhance market integrity, and safeguard the interest of the investors and to alert and advise investors to be extra cautious and carry out necessary due diligence that may be required while dealing in such securities. The criteria for shortlisting any scrip trading on the Stock Exchange(s) under the ASM is based on an objective criterion as jointly decided by SEBI and the Stock Exchanges(s), which include market based dynamic parameters such as high low variations, client concentration, close to close price variation, market capitalization, delivery percentage, volume variation, number of unique PAN's and price to equity ratio. A scrip is typically subjected to GSM measures where there is an abnormal price rise that is not commensurate with the financial health and fundamentals of a company, which inter alia includes factors like earnings, book value, fixed assets and net worth to the equity ratio etc. The price of our equity shares may also fluctuate after the offer due to several factors such as volatility in the Indian and global securities market, our profitability and performance, our financial results, the performance of our competitors, change in the estimates of our performance or any other political or economic factor. The occurrence of any of the above-mentioned factors may trigger the parameters identified by SEBI and the Stock Exchange(s) for the placing securities under the GSM and ASM framework. In the event of our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchange (s), we may be subject to certain additional restrictions in the relation to trading of our Equity Shares such as limiting trading frequency (for example trading either allowed in a week or a month as the case may be) higher margin requirements of settlement on a trade for trade basis, without netting off requirement of settlement on gross basis or freezing price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading and liquidity of our Equity Shares and on the reputation and conditions of our Company.

67. The trading volume and market price of the Equity Shares may be volatile following the Issue.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

68. The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.

The Issue Price of the Equity Shares will be determined by our Company in consultation with the BRLM through the Book Building Process. This price will be based on numerous factors, as described under the chapter ***"Basis for Issue Price"*** beginning on page 133 and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue and may decline below the Issue Price. We cannot assure you that you will be able to resell their Equity Shares at or above the Issue Price.

69. Our Equity Shares have never been publicly traded and may experience price and volume fluctuations following the completion of the Issue, an active trading market for the Equity Shares may not develop, the price of our Equity Shares may be volatile and you may be unable to resell your Equity Shares at or above the Issue Price or at all.

Prior to the Issue, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for our Equity Shares will develop or, if developed, the liquidity of such market for the Equity Shares. The Issue Price of the Equity Shares is proposed to be determined through a book building process. This price will be based on numerous factors, as described in the section ***"Basis for Issue Price"*** beginning on page 133. This price may not necessarily be indicative of the market price of our Equity Shares after the Issue is completed. You may not be able to re-sell your Equity Shares at or above the Issue price and may as a result lose all or part of your investment.

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

There has been significant volatility in the Indian stock markets in the recent past, and the trading price of our Equity Shares after this Issue could fluctuate significantly as a result of market volatility or due to various internal or external risks, including but not limited to those described in this Draft Red Herring Prospectus. The market price of our Equity Shares may be influenced by many factors, some of which are beyond our control, including:

- the failure of security analysts to cover the Equity Shares after this Issue, or changes in the estimates of our performance by analysts;
- the activities of competitors and suppliers;
- future sales of the Equity Shares by us or our shareholders;
- investor perception of us and the industry in which we operate;
- our quarterly or annual earnings or those of our competitors; developments affecting fiscal, industrial or environmental regulations; the public's reaction to our press releases and adverse media reports; and general economic conditions.

A decrease in the market price of our Equity Shares could cause you to lose some or all of your investment.

70. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("STT") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification) and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months, which are sold

using any other platform other than on a recognized stock exchange and on which no STT has been paid, are subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹ 100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Unrealized capital gains earned on listed equity shares up to January 31, 2018 continue to be tax exempt in such cases. Further, STT will be levied on and collected by an Indian stock exchange if the equity shares are sold on a stock exchange. With respect to capital gains arising in an off-market sale, long term capital gains are subject to tax at the rate of 10% (plus applicable surcharge and cess) without the exemption of ₹ 100,000. Short-term capital gains, arising from the sale of such equity shares on a stock exchange would be subject to tax at the rate of 15% (plus applicable surcharge and cess), while short term capital gains arising in an off-market sale would be subject to tax at a higher rate of 40% (plus applicable surcharge and cess) in the case of foreign companies and 30% (plus applicable surcharge and cess) in the case of other non-resident taxpayers.

The Finance Act, 2019 amended the Indian Stamp Act, 1899 with effect from July 1, 2020 and clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. As such, there is no certainty on the impact that the Finance Act, 2019 may have on our Company's business and operations.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. In cases where the seller is a non-resident, capital gains arising from the sale of the equity shares will be partially or wholly exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Additionally, the Finance Act, 2020 does not require dividend distribution tax to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. Historically, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity shares.

Our Company cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our Company's business, financial condition, results of operations and cash flows.

71. Future sales of Equity Shares by our Promoter may adversely affect the market price of the Equity Shares.

After the completion of the Issue, our Promoters will own, directly, more than [●]% of our outstanding Equity Shares. Upon expiry of the lock-in period provided under the SEBI ICDR Regulations, our Promoter will be eligible to sell part or all of the Equity Shares held by it. Future sales of a large number of the Equity Shares by our Promoter, either in one sale or over a series of sales, could adversely affect the market price of the Equity Shares. Similarly, the perception that any such primary or secondary sale may occur could adversely affect the market price of the Equity Shares. No assurance may be given that our Promoter will not dispose of, pledge or encumber their Equity Shares in the future, or that the market price of the Equity Shares will not be adversely affected by any such disposal, pledge or encumbrance of their Equity Shares.

72. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian

law and thereby may suffer future dilution of their ownership position.

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

73. The requirements of being a publicly listed company may strain our resources.

We are not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the Listing Regulations which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/ or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition, results of operations and cash flows. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

74. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Issue.

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited with the Equity Shares within one working day of the date on which the Basis of Issue is approved by the Stock Exchanges. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the applicant's demat account with depository participant could take time from the Bid/ Issue Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges could also take from the Bid/Issue Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable

rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

75. Stringent environmental, health and safety laws and regulations or stringent enforcement of existing environmental, health and safety laws and regulations may result in increased liabilities and increased capital expenditures.

Our operations are subject to environmental, health and safety and other regulatory and statutory requirements in the jurisdictions in which we operate. We are subject to various national, state, municipal and local laws and regulations concerning environmental protection in India. Non- compliance with these laws and regulations could expose us to civil penalties, criminal sanctions and revocation of key business licenses. Environmental laws and regulations in India are becoming more stringent and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment and emissions management.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations, financial condition or cash flows. In addition, we could incur substantial costs, our products could be restricted from entering certain markets and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs under environmental laws are difficult to predict.

76. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which may be material to the Financial Statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus.

Our Restated Financial Information for the Period ended September 30, 2023 and for the Financial Years ended on March 31, 2023, 2022 and 2021 have been prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from Indian GAAP, IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should be limited accordingly.

77. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid amount) at any stage after submitting a bid, and Retail Individual Investors are not permitted to withdraw their Bids after bid/issue closing date.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to block the Bid amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of equity shares or the Bid amount) at any stage after submitting a Bid. Similarly, Retail Individual Investors can revise or withdraw their Bids at any time during the bid/ issue period and until the Bid/ issue closing date, but not thereafter. While we are required to

complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within three Working Days from the Bid/ issue Closing Date or such other period as may be prescribed by the SEBI, events affecting the Investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Investors' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing. Therefore, QIBs and Non- Institutional Investors will not be able to withdraw or lower their bids following adverse developments in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or otherwise between the dates of submission of their Bids and Allotment.

78. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder our Company than as a shareholder of an entity in another jurisdiction.

79. Future issuances or sales of the Equity Shares could dilute your shareholding and significantly affect the trading price of the Equity Shares.

The future issuance of Equity Shares by us, the disposal of Equity Shares by any of our major shareholders or the perception that such issuance or sales may occur, may lead to the dilution of your shareholding in the Company or significantly affect the trading price of the Equity Shares. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future.

Furthermore, under the Securities Contract (Regulation) Rules, 1957, as amended ("SCRR"), listed companies are required to maintain public shareholding of at least 25% of their issued share capital. Failure to comply with the minimum public shareholding provision would require a listed company to delist its shares and may result in penal action being taken against the listed company pursuant to the SEBI Act. This may require us to issue additional Equity Shares or require our Promoter or Promoter Group to sell their Equity Shares, which may adversely affect our trading price.

SECTION III – INTRODUCTION

THE ISSUE

The following table summarizes the details of the Issue:

Issue of Equity Shares of face value of ₹10/- each (1)	Up to 1,93,05,000 Equity Shares aggregating up to ₹ [●] Lakhs
of which	
A) QIB Portion (2)(3)(4)	Not more than [●] Equity Shares
of which:	
(i) Anchor Investor Portion	Up to [●] Equity Shares
(ii) Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	Up to [●] Equity Shares
of which:	
(a) Mutual Fund Portion (5% of the Net QIB Portion)	Up to [●] Equity Shares
(b) Balance for all QIBs including Mutual Funds	Up to [●] Equity Shares
B) Non-Institutional Portion (3)(4)(5)	Not less than [●] Equity Shares
of which:	
One-third of the Non-Institutional Portion available for allocation to Bidders with an application size of more than ₹ 2,00,000 and up to ₹ 10,00,000	Up to [●] Equity Shares
Two-third of the Non-Institutional Portion available for allocation to Bidders with an application size of more than ₹ 10,00,000	Up to [●] Equity Shares
C) Retail Portion (3)(4)	Not less than [●] Equity Shares
Pre and post Issue Equity Shares	
Equity Shares outstanding prior to the Issue at the date of this Draft Red Herring Prospectus	4,61,36,600 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Utilization of Net Proceeds	See the chapter titled "***Objects of the Issue***" on page [●], for information about the use of proceeds from the Issue.

Notes:

*(1) The Issue has been authorised by our Board of Directors pursuant to the resolution passed at their meeting on **August 07, 2023** and by our shareholders pursuant to the special resolution passed at their meeting on **August 11, 2023.***

*(2) Our Company may in consultation with the BRLM, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. Further 5% of the Net QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see the chapter titled "**Issue Procedure**" beginning on page 399.*

(3) Under-subscription, if any, in the QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation

*with the BRLM and the Designated Stock Exchange. For further details, see the chapter titled "**Issue Procedure**" beginning on page 399.*

(4) Allocation to all categories, except the Anchor Investor Portion, Non-Institutional Portion and the Retail Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Issue Price, as applicable. The allocation to each Retail Individual Bidders shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. The allocation to each Non-Institutional Bidder shall not be less than ₹ 2,00,000/-, subject to the availability of Equity Shares in Non-Institutional Portion, and the remaining Equity Shares, if any, *shall be Allocated on a proportionate basis. For further details, see the chapter titled "**Issue Procedure**" beginning on page 399.*

(5) Not less than 15% of the Issue shall be available for allocation to Non-Institutional Bidders of which one-third of the Non-Institutional Portion will be available for allocation to Bidders with an application size more than ₹ 2.00 lakhs to ₹ 10.00 lakhs and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 10.00 lakhs and under-subscription in either of these two sub-categories of Non-Institutional Portion may be allocated to Bidders in the other sub-category of Non-Institutional Portion.

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2022/45) dated April 5, 2022, has prescribed that all individual investors applying in initial public offerings opening on or after May 1, 2022, where the application amount is up to ₹ 5.00 lakhs, shall use UPI. Individual investors bidding under the Non-Institutional Portion bidding for more than ₹ 2.00 lakhs and up to ₹ 5.00 lakhs, using the UPI Mechanism, shall provide their UPI ID in the Bid-cum-Application Form for Bidding through Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

Further, for details in relation to the terms of the Issue, see the chapter titled "***Terms of the Issue***" beginning on page 388. For details, including in relation to grounds for rejection of Bids, see the chapters titled "***Issue Structure***" and "***Issue Procedure***" beginning on pages 395 and 399, respectively.

SUMMARY OF RESTATED FINANCIAL INFORMATION

Our company manufactures fin and tube type Heat Exchangers for the Heat Ventilation Air Conditioning and Refrigeration Industry ***("HVAC&R")***. Heat Exchangers manufactured by us are made of non-ferrous metals primarily Copper and Aluminium. Our product range includes condenser coils, evaporator units, evaporator coils, header/copper parts, fluid and steam coils and sheet metal parts.

We manufacture heat exchangers of various shapes and sizes as per the requirement of the customers and / or demand in the market. The sizes of heat exchanger tubes diameter manufactured by us ranges from 5MM to 15.88 MM. Our products are well suited for wide range of air conditioning, heating and ventilation, refrigeration, and process cooling applications.

To enhance the longevity and corrosion resistance of heat exchangers and their components, various types of coatings such as nano coating, powder coating are applied to the surfaces of copper tubes, brazing joints, and fin sheets. By applying these advanced coatings to heat exchangers and their components, our products ensure that the heat exchanger operates efficiently over an extended period, reducing maintenance costs and enhancing overall performance. The protective barrier provided by these coatings ensures that the heat exchanger can withstand harsh conditions and maintain its optimal functionality.

Our products are vital for the performance of cooling appliances and have undergone stringent quality checks. Our company adheres to some of the industry's best quality product accreditations.

*The summary financial information presented below should be read in conjunction with the Restated Financial Information, the notes thereto and the sections "**Restated Financial Information**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 260 and 336, respectively.*

RESTATED STATEMENT OF ASSETS AND LIABILITIES

(₹ in lakhs)

Particulars	For the Period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on March 31 (Standalone)		
		2023	2022	2021
I ASSETS				
(A) Non - current assets				
(a) Property, plant and equipment and Intangible assets	2,841.82	3,214.65	2,131.91	2,128.33
(b) Capital work in progress	507.51	0.00	0.00	0.00
(c) Financial assets				
-Other financial assets	75.45	72.83	38.61	4.95
(d) Other non-current assets	0.00	11.00	11.00	0.00
Total non - current assets	**3,424.78**	**3,298.48**	**2,181.52**	**2,133.28**
(B) Current assets				
(a) Inventories	7,302.65	5,508.43	2,130.85	547.48
(b) Financial assets				
-Trade receivables	4,228.11	3,865.83	2,979.02	1,751.65
-Cash and cash equivalents	458.17	745.70	536.05	21.02
-Other Bank Balances	935.72	805.00	882.64	620.64
-Loans	95.08	100.73	54.97	0.52
-Other Financial assets	36.97	17.66	6.87	3.65
(c) Other Current Assets	1,656.43	246.51	507.27	119.37
(d) Other Tax Assets (Net)	39.67	287.57	0.00	41.92
Total current assets	**14,752.80**	**11,577.43**	**7,097.67**	**3,106.25**
Total assets	**18,177.58**	**14,875.91**	**9,279.19**	**5,239.53**

Particulars	For the Period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on March 31 (Standalone)		
		2023	2022	2021
II EQUITY AND LIABILITIES				
1) Equity				
a) Equity Share capital	4,400.00	4,400.00	440.00	440.00
b) Other equity-attributable to the owners of the company	3557.08	1557.01	2113.15	866.02
Total equity	**7,957.08**	**5,957.01**	**2,553.15**	**1,306.02**
2) Minority Interest	**0.05**	**-**	**-**	**-**
3) Liabilities				
Non - current liabilities				
a) Financial liabilities				
- Long term Borrowings	1,557.74	1,653.86	1,100.59	1,079.19
b) Long term Provisions	41.80	35.46	25.54	14.99
c) Deferred tax liabilities (net)	13.61	28.59	35.70	31.69
Total non - current liabilities	**1,613.15**	**1,717.91**	**1,161.83**	**1,125.87**
Current liabilities				
a) Financial liabilities				
- Short term Borrowings	2,959.30	2,010.57	1,111.62	585.83
- Trade payables				
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,061.87	4,479.73	3,704.27	1,925.67
(ii) Total outstanding dues of micro enterprises and small enterprises	413.35	461.22	315.61	215.17
b) Short term provision	124.66	97.19	68.13	49.10
Other current liabilities	48.12	152.28	300.59	31.87
Current tax liabilities (net)	0.00	0.00	63.99	0.00
Total current liabilities	**8,607.30**	**7,200.99**	**5,564.21**	**2,807.64**
Total liabilities	**10,220.45**	**8,918.90**	**6,726.04**	**3,933.51**
Total equity and liabilities	**18,177.58**	**14,875.91**	**9,279.19**	**5,239.53**

RESTATED STATEMENT OF PROFITS AND LOSS

(₹ in lakhs)

Particulars	For the Period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on March 31 (Standalone)		
		2023	2022	2021
Income				
Revenue from operations	16,064.24	24,748.08	15,611.46	7,582.42
Other income	221.07	240.43	211.07	98.53
Total income	**16,285.31**	**24,988.51**	**15,822.53**	**7,680.95**
Expenses				
Cost of material consumed	11,910.95	18,490.16	12,465.28	6,110.16
Change in inventories of finished goods, work-in-progress and stock in trade	(208.31)	(861.29)	(201.42)	(44.93)
Employee benefit expenses	708.56	927.80	607.21	478.96
Finance costs	202.37	305.37	154.38	127.97
Depreciation and amortization expenses	200.57	317.14	253.53	173.06
Other expenses	738.84	1,259.66	1,046.83	495.65
Total expenses	**13,552.98**	**20,438.84**	**14,325.81**	**7,340.87**
Profit before tax	**2,732.33**	**4,549.67**	**1,496.72**	**340.08**
Tax Expenses				
Current tax	814.82	1325.50	433.66	77.13
Deferred tax	(15.46)	(7.18)	4.02	16.39
Total tax expenses	**799.36**	**1,318.32**	**437.68**	**93.52**
Profit after tax	**1,932.97**	**3,231.35**	**1,059.04**	**246.56**
Other comprehensive (income) / expenses				
Items that will not be reclassified to Profit and Loss	(1.66)	(0.22)	0.04	0.40
Income tax in respect of above	0.48	0.06	(0.01)	(0.11)
Items that may be reclassified to profit & loss	0.00	0.00	0.00	0.00
Income tax in respect of above	0.00	0.00	0.00	0.00
Total other comprehensive income for the year	**(1.18)**	**(0.16)**	**0.03**	**0.29**
Total comprehensive income for the year	**1,934.15**	**3,231.51**	**1,059.01**	**246.27**
Earning per equity share of ₹ 10/- each (in Rs)				
- Basic/Diluted	4.39	7.34	24.07	5.60
- Adjusted	4.39	7.34	2.41	0.56

RESTATED STATEMENT OF CASH FLOWS

(₹ in lakhs)

Particulars	For the Period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on March 31 (Standalone)		
		2023	2022	2021
A. Cash flow from operating activities				
Net profit before tax	**2,732.33**	**4,549.67**	**1,496.72**	**340.08**
Adjustments for:				
Depreciation	200.57	317.14	253.53	173.06
Adjustment related Transaction to IND AS				0.36
Adjustment related To OCI	1.66	0.22	(0.04)	(0.40)
Interest received	(20.64)	(35.41)	(30.08)	(15.34)
Prior Period Items	-	-	-	25.61
Interest and Finance charges	202.37	305.37	154.38	127.97
Operating Profit before working capital changes	**3,116.29**	**5,136.99**	**1,874.51**	**651.34**
Adjustments for:				
Changes in inventories	(1,794.22)	(3,377.58)	(1,583.37)	(190.91)
Changes in trade receivables	(362.28)	(886.81)	(1,227.37)	(474.59)
Changes in Other Financial Asset	(19.31)	(10.79)	(3.22)	(3.65)
Changes in Other Current Asset	(1,343.99)	433.11	(199.79)	325.86
Change in Other Bank Balance	(130.72)	77.64	(262.00)	(620.64)
Changes in Trade Payables	534.26	921.07	1,879.04	429.91
Changes in Long Term Provision	6.34	9.92	10.55	11.98
Changes in Short Term Provisions	27.47	29.08	19.03	(65.37)
Changes in Current Tax Liabilities (Net)	-	(63.99)	63.99	-
Changes in Current Tax Assets (Net)	247.90	(287.57)	41.92	(41.92)
Changes in Other Current Liabilities	(104.16)	(148.32)	268.72	(77.99)
Cash generated from operation	**177.58**	**1,832.75**	**882.01**	**(55.98)**
Taxes paid	(814.82)	(1,325.50)	(433.66)	(77.13)
Net cash From/ (Used in) Operating Activities (A)	**(637.24)**	**507.25**	**448.35**	**(133.11)**
B. Cash flow from investing Activities				
(Purchase)/ Sale of Fixed Assets/Capital Work In Progress	(335.25)	(1,399.88)	(257.11)	(1,308.79)
Changes in Other Financial Asset	(2.62)	(34.22)	(33.66)	(3.16)
Interest received	20.64	35.41	30.08	15.34
Changes Due to Minority Interest	0.05	-	-	-
Changes in Other Non-Current Asset	11.00	-	(11.00)	-
Net cash From/ (Used in) Investing Activities (B)	**(306.18)**	**(1,398.69)**	**(271.69)**	**(1,296.61)**
C. Cash Flow from financing activities				
Interest and Finance Charges	(202.37)	(305.37)	(154.38)	(127.97)
Changes in Short- Term Borrowing	948.73	898.95	525.80	525.85
Changes in Short-term loans and advances	5.65	(45.76)	(54.45)	(0.52)
Changes in Long- Term Borrowing	(96.12)	553.27	21.40	540.12
Net cash From Financing Activities (C)	**655.89**	**1,101.09**	**338.37**	**937.48**
Net (decrease)/ increase in Cash (A)+(B)+(C)	(287.53)	209.65	515.03	(492.24)
Cash and cash equivalents at the beginning of the year	745.70	536.05	21.02	513.26
Cash and cash equivalents at the end of the year	**458.17**	**745.70**	**536.05**	**21.02**

GENERAL INFORMATION

Our Company was incorporated in Bhiwadi, Alwar as "**KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED,** a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated **August 25, 2017** issued by Central Registration Centre, Manesar. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on March 17, 2023, and consequently, the name of our Company was changed to "**KRN Heat Exchanger and Refrigeration Limited"** by deletion of the word 'Private'. A fresh certificate of incorporation consequent upon conversion from private company to public company dated **April 03, 2023**, was issued by the Registrar of Companies, Jaipur Rajasthan to our Company bearing Corporate Identification Number "**U29309RJ2017PLC058905".**

For details of incorporation, change in name and registered office of our Company, see the chapter titled "***History and Certain Corporate Matters***" beginning on page 228.

REGISTERED AND CORPORATE OFFICE OF OUR COMPANY

The address and certain other details of our Registered and Corporate Office is as follows:

KRN Heat Exchanger and Refrigeration Limited

Plot No. F-46, 47, 48, 49 EPIP, RIICO Industrial Area
Neemrana, Alwar Rajasthan-301705, India
Telephone: +91 – 9257025440
Website: www.krnheatexchanger.com
Email ID: cs@krnheatexchanger.com
Contact Person: CS Praveen Kumar

COMPANY REGISTRATION NUMBER AND CORPORATE IDENTITY NUMBER

The registration number and corporate identity number of our Company are set forth below:

Particulars	Number
Company Registration Number	058905
Corporate Identity Number	U29309RJ2017PLC058905

REGISTRAR OF COMPANIES

Our Company is registered with the ROC, which is situated at the following address:

Registrar of Companies, Jaipur
Corporate Bhawan, G/6-7, Second Floor,
Residency Area, Civil Lines, Jaipur, Rajasthan -302001
Website: www.mca.gov.in

BOARD OF DIRECTORS

The following table sets out the brief details of our Board as on the date of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Santosh Kumar Yadav *Chairman & Managing Director*	07789940	B 1004, Vasundhara Nagar, U. I. T. Colony, Bhiwadi, Alwar, Rajasthan-301019
Anju Devi *Whole-Time Director*	06858442	B 1004, Vasundhra Nagar, U. I. T. Colony, Harchandpur, Bhiwari Industrial Area, Alwar, Tijara, Rajasthan-301019
Manohar Lal *Non- Executive Director*	10040507	H N0. 136, Near Dharamshala, Heengwahera, Alwar, Rajasthan - 301411
Ajay Pal Yadav *Independent Director*	10040569	Plot No. 59, Chetan Enclave Phase 2, Opposite Jain Temple, Jaipur Road, Alwar, Rajasthan - 301001
Bheem Singh Yadav *Independent Director*	09268161	Near Village Pond, Ahir Mohala, Fauladpur, Alwar, Rajasthan - 301706
Rajat Raj Yadav *Independent Director*	10118405	GanvBalawas, Tehsil Bansur, Balawas, Alwar, Rajasthan - 301402

For further details and brief profiles of our Board of Directors, see the chapter titled ***"Our Management"*** beginning on page 233.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Praveen Kumar is the Company Secretary and Compliance Officer of our company. His contact details are as follows:

Praveen Kumar
House No. 117/2, Parshu Ram Colony,
Bharawas Road, Rewari, Haryana-123401
Tel: +91 – 9257025440
E-mail:cs@krnheatexchanger.com

Investor Grievances

Bidders can contact our Company Secretary and Compliance Officer, and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode etc. For all Issue related queries and for redressal of complaints, Bidders may also write to the BRLM or the Registrar to the Issue, in the manner provided below.

All grievances related to the Issue, other than of Anchor Investors, may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than UPI Bidders using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of UPI Bidder using the UPI Mechanism.

All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue. Further, the Bidder shall enclose the

Acknowledgment Slip or the application number from the Designated Intermediaries in addition to the documents or information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form, and the name and address of the BRLM where the Bid cum Application Form was submitted by the Anchor Investor.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April, 20, 2022, and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within 3 months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

REGISTRAR TO THE ISSUE

Bigshare Services Private Limited
Office No, S6-2, 6th Floor, Pinnacle Business Park
Next to Ahura Centre, Mahakali Caves Road
Andheri (East), Mumbai - 400093
Tel: +91 22-6263 8200
Fax: +91 22-6263 8299
Website: www.bigshareonline.com
Email: ipo@bigshareonline.com
Investor Grievance ID- investor@bigshareonline.com
Contact Person: Mr. Babu Rapheal.C
SEBI Registration Number: INR000001385

BRLM

Holani Consultants Private Limited
401 – 405 & 416 – 418 4th Floor,
Soni Paris Point, Jai Singh Highway,
Bani Park, Jaipur – 302016, Rajasthan
Telephone: +91 – 141 – 2203996
E-mail ID: ipo@holaniconsultants.co.in
Investor Grievance ID: complaints.redressal@holaniconsultants.co.in
Website: www.holaniconsultants.co.in
Contact Person: Mrs. Payal Jain
SEBI Registration No.: INM000012467

INTER-SE ALLOCATION OF RESPONSIBILITIES OF THE BRLMS

Holani Consultants Private Limited is the sole BRLM to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.

SYNDICATE MEMBERS

The Syndicate members will be appointed prior to filing of the Red Herring Prospectus with the ROC.

LEGAL ADVISOR TO THE COMPANY

Chir Amrit Corporate LLP
202, 2nd Floor, SNS Square, Vesu Main Road
Opp. Reliance Market, Vesu
Surat, Gujrat- 395007
Tel: +91 9829500420
E-mail: ritu@chiramritlaw.com
Website: www.chiramritlaw.com
Contact Person: Ritu Soni

STATUTORY AND PEER REVIEW AUDITOR OF OUR COMPANY

M/s Keyur Shah & Co.
Chartered Accountants
303, Shitiratna Building, B/s. Radisson Blu Hotel,
Nr. Panchvati Circle, Ambawadi,
Ahmedabad, Gujarat – 380006
Tel: 079 – 48999595
Website: www.keyurshahca.com
E-mail: ca.keyurshah2015@gmail.com
Contact Person: Mr. Keyur Shah
ICAI Firm Registration Number: 141173W
Membership No: 153774
Peer Review Number: 013681

CHANGES IN STATUTORY AUDITORS

Except as mentioned below, there has been no change in our statutory auditors in the three years preceding the date of this Draft Red Herring Prospectus:

Name of Statutory Auditor	Date of Change	Reason
Sharma S K & Associates, Chartered Accountants Shop No. S-146 & 147, Sunsquare Shopping Plaza, Opp. Tata Motors, RIICO Chowk, Bhiwadi, Alwar – Rajasthan 301019 **E-mail:** satishbhardwaj84@yahoo.in **Firm Registration Number:** 021227C	February 03, 2023	Preoccupation in other assignments.
M/s Keyur Shah & Co., Chartered Accountants 303, Shitiratna Building, B/s. Radisson Blu Hotel, Nr. Panchvati Circle, Ambawadi, Ahmedabad, Gujarat – 380 006 **E-mail:** keyur@keyurshahca.com **Firm Registration Number:** 141173W **Peer Review No:** 013681	February 08, 2023 and re-appointed on September 30, 2023 for a term of 5 years	Appointment as the Statutory Auditors till the date of conclusion of next Annual General Meeting. Thereafter, re-appointed as the statutory auditors of our Company in the AGM dated September 30, 2023.

BANKERS TO THE COMPANY

HDFC Bank Limited **Address:** Plot No.-SP-54, RIICO Industrial Area, Bhiwadi, 301019, Rajasthan **Tel:** +91– 7869883494 **E-mail:** mridul.sharma@hdfcbank.com	**State Bank of India Limited** **Address:** G 47 RIICO Industrial Area, Neemrana, Rajasthan **Tel:** + 01494-246722 **E-mail:** Sbi.11298@sbi.co.in

Website:www.hdfcbank.com **Fax:** NA **Contact Person:** Mridul Mrigesh Sharma	**Website:** Https://sbi.co.in **Fax:** (1494) 01494-246721 **Contact Person:** Mukesh Kumar
Citibank N.A. **Address:** 9th Floor, DLF Square, Jacaranda Marg, M-Block, DLF Phase – II, Gurgaon - 122002 **Tel:** +91 - 9960364828 **E-mail:** moulshree.mishra@citi.com **Website:** www.citigroup.com **Fax:** NA **Contact Person:** Moulshree Mishra	

BANKERS TO THE ISSUE / REFUND BANKER / SPONSOR BANK TO THE ISSUE

The Banker to the Issue will be appointed prior to filing of the Red Herring Prospectus with the ROC.

DESIGNATED INTERMEDIARIES

Self – Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available on the SEBI website at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time.

A list of the Designated SCSB Branches with which an ASBA Bidder (other than a UPI Bidder using the UPI Mechanism), not bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the ASBA Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, on the SEBI Website or at such other websites as may be prescribed by SEBI from time to time.

Details of the nodal officers of SCSBs, identified for the bids made through the UPI Mechanism are available at www.sebi.gov.in

Self – Certified Syndicate Banks eligible as Issuer Banks for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20th, 2022 UPI Bidders using UPI Mechanism may apply through the SCSBs and mobile applications whose name appear on the websites of SEBI at (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively as updated from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors) submitted under ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes&intmId=35, which may be updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do? Do Recognised=yes & in 71tm Id=35 or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

The list of the Registered Brokers, eligible to accept ASBA Forms from the bidders (other than UPI Bidders), including details such as postal address, telephone number, and email address, is provided on the websites of stock exchanges at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx? and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, or such other websites as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms from at the Designated RTA Locations, including details such as address, telephone number, and e-mail address, is provided on the websites of Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx and http://www.nseindia.com/products-services/initial-public-offerings-asba-procedure, respectively as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of stock exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx and on the websites of NSE at http://www.nseindia.com/products-services/initial-public-offerings-asba-procedure respectively, or such other websites as updated from time to time.

EXPERTS

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

Our Company has received written consent dated **April 20, 2023** from our Statutory Auditors, **M/s Keyur Shah & Co.,** Chartered Accountants, to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an **"expert"** as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) examination report, dated **December 19, 2023** on our Restated Financial Information and (ii) Statement of Special tax Benefits available to the company in its shareholders dated **December 19, 2023** included in this Draft Red Herring Prospectus and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

In addition, our Company has also received (i) written consent dated **September 25, 2023** from Dun and Bradstreet Information Services India Private Limited **("D&B"),** in relation to the industry report with respect to our company, and (iii) written consent dated 01.01.2024 from Independent Chartered Engineer, **Goyal N Associates** in relation to the manufacturing capacity of the Company, to include their names in this Draft Red Herring Prospectus and as an **"expert"** as defined under section 2(38) of the Companies Act, 2013 and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

However, the term **"expert"** shall not be construed to mean an "**expert**" as defined under the U.S. Securities Act.

MONITORING AGENCY

Our Company shall appoint a Monitoring Agency, to monitor the utilization of net proceeds in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to filing of the Red Herring Prospectus with the ROC.

CREDIT RATING

As this is an Issue consisting only of Equity Shares, there is no requirement to obtain credit rating for the Issue.

DEBENTURE TRUSTEES

As this is an Issue consisting only of Equity Shares, the appointment of debenture trustee is not required.

APPRAISING ENTITY

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised by any agency.

GRADING TO THE ISSUE

No credit agency registered with SEBI has been appointed for obtaining grading for the Issue.

GREEN SHOE OPTION

No green shoe option is contemplated under the Issue.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the ROC our Company intend to enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued and offered in the Issue. The extent of underwriting obligations and the bids to be underwritten in the Issue shall be as per the Underwriting Agreement. Pursuant to the underwriting agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten	% of the Total Issue size Underwritten
[●] [●] **Telephone:** [●] **E-mail ID:** [●] **Investor Grievance ID:** [●] **Website:** [●] **Contact Person:** [●] **SEBI Registration No.**: [●]	[●]	[●]	[●]

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the ROC.)

The above-mentioned underwriting commitments are indicative and will be finalised after determination of the Issue Price and Basis of Allotment and will be subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered as Merchant Bankers or Stock Brokers with SEBI. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the Event of any default in payment, the respective underwriter, in additions to other obligations define in the Underwriting agreement, will also be required to procure subscribers for or subscribe to the equity share to the extent of the defaulted amount in accordance with the underwriting agreement. The underwriting agreement has not been executed as on date of this Draft Red Herring Prospectus and will be executed after determination of issue price and allocation of equity shares, but prior to filing the prospectus with the ROC. The extent of underwriting obligations and the Bids to be underwritten in the issue shall be as per underwriting agreement.

FILING OF THIS DRAFT RED HERRING PROSPECTUS

A copy of this Draft Red Herring Prospectus is being filed electronically through the SEBI Intermediary Portal at https://sipotal.sebi.gov.in, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/ 011 dated January 19, 2018 and has been emailed to SEBI at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to ***"Easing of Operational Procedure –Division of Issues and Listing–CFD"***. A copy of the Draft Red Herring Prospectus shall also be filed with SEBI at its office Plot no. C-4 A, 'G' Block, Bandra Kurla Complex, Bandra(E), Mumbai - 400051, Maharashtra.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under section 32 of the Companies Act, 2013 will be filed with the ROC and a copy of Prospectus to be filed under Section 26 of the Companies Act, 2013, will be filed with the ROC at its office Corporate Bhawan, G/6-7, Second Floor, Residency Area, Civil Lines, Jaipur, Rajasthan -302001, Rajasthan and through the electronic portal at www.mca.gov.in

BOOK BUILDING PROCESS

Book Building Process, in the context of the Issue, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms within the Price Band. The Price Band and minimum Bid Lot will be decided by our Company in consultation with the BRLM, and if not disclosed in the Red Herring Prospectus, will be advertised in all editions of [●], the English national newspaper, all editions of [●], the Hindi national newspaper and all editions of [●], the Regional newspaper, (Hindi being the local language of Rajasthan, where our registered and corporate office is situated), each with wide circulation, respectively, at least two Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Issue Price shall be determined by our Company in consultation with the BRLM after the Bid/Issue Closing Date. For details see the section titled **"*Issue Procedure*"** on page 399.

All Bidders, other than Anchor Investors and Retail Individual Bidder, shall only participate through the ASBA process by providing the details of their respective ASBA Accounts in which the corresponding Bid Amount will be blocked by the SCSBs. Retail Individual Bidders shall participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs or, (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Issue through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Issue Period and withdraw their Bids until the Bid/ Issue Closing Date. Further Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Allocation to QIBs (other than Anchor Investors) and Non-

Institutional Bidders will be on a proportionate basis while allocation to Anchor Investors will be on a discretionary basis**.** For illustration of the Book Building Process and further details, see the chapters titled *"**Terms of the Issue**", "**Issue Structure**"* and *"**Issue Procedure**"* beginning on pages 388, 395 and 399 respectively.

Each Bidder by submitting a Bid in the Issue, will be deemed to have acknowledged the above restrictions and the terms of the Issue.

The Book Building Process under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and investors are advised to make their own judgment about an investment through aforesaid process prior to submitting a Bid in the Issue.

Bidders should note the Issue is also subject to obtaining (i) the final approval of the ROC of the Prospectus that will be filed with the ROC and; (ii) final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment as prescribed under applicable law.

For details of the method and procedure for Bidding, see the chapter titled *"**Issue Procedure**"* beginning on page 399.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below.

(₹ in Lakh except share data)

S. No.	Particulars	Aggregate nominal value (in ₹)	Aggregate value at Issue Price (in ₹)
A	**AUTHORISED SHARE CAPITAL**		
	7,20,00,000 Equity Shares of face value of ₹ 10/- each	7200.00	-
	Total	**7200.00**	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE** (1)		
	4,61,36,600 Equity Shares of face value of ₹ 10/- each	4613.66	-
	Total	**4613.66**	**-**
C	**PRESENT ISSUE**		
	Fresh Issue of up to 1,93,05,000 Equity Shares of face value of ₹ 10/- each, aggregating up to ₹ [●] Lakh (2)(3)	[●]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares of face value of ₹ 10/- each*	[●]	[●]
	Total	[●]	[●]
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue		3,033.97
	After the Issue		[●]

**To be updated upon the finalization of the Issue Price.*

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

*(2) The Issue has been authorized by our Board of Directors pursuant to the resolution passed at their meeting on **August 07, 2023** and by our shareholders pursuant to the special resolution passed at their meeting on **August 11, 2023.***

(3) Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement aggregating up to 4,77,990 Equity Shares. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with Rule 19(2)(b) of the SCRR and the proceeds of the Pre-IPO Placement shall be utilized towards General Corporate purposes.

NOTES TO THE CAPITAL STRUCTURE

1. For details in relation to the changes in the authorised share capital of our Company, please refer to section titled ***"History and Certain Corporate Matters - Amendments to our Memorandum of Association"*** on page 229.

2. Paid-up share capital history of our Company:

The history of the Equity Share capital of our Company is set forth in the table below:

S. No.	Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital
A.	Upon incorporation	10,000	10/-	10/-	Cash	Initial subscription to MOA (1)	10,000	1,00,000
B.	March 20, 2018	34,90,000	10/-	10/-	Cash	Right Issue of Equity Shares (2)*	35,00,000	3,50,00,000
C.	March 31, 2020	9,00,000	10/-	10/-	Cash	Right Issue of Equity Shares (3)	44,00,000	4,40,00,000
E.	February 23, 2023	3,96,00,000	10/-	Nil	Other than cash	Bonus Issue (4)	4,40,00,000	44,00,00,000

S. No.	Date of allotment	Number of Equity Shares allotted	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital
F.	October 21, 2023	21,36,600	10/-	152/-	Cash	Private Placement of Equity Shares (5)	4,61,36,600	46,13,66,000

**Pursuant to letter of offer dated December 20, 2017, Mr. Santosh Kumar Yadav renounced his right to subscribe to 70,000 equity shares and 6,30,000 equity shares in favor of Mr. Virendra Yadav and Mrs. Raj Rani Yadav respectively, and Mrs. Anju Devi renounced her right to subscribe to 1,70,000 equity shares in favor of Mr. Virendra Yadav.*

Notes:

1. Initial subscribers to the Memorandum of Association of our Company had subscribed to 10,000 Equity Shares of a face value of ₹ 10/- each pursuant to initial subscription to the Memorandum of Association as per the details given below:

S. No.	Name of allottees	Number of Equity Shares
1.	Santosh Kumar Yadav	5,000
2.	Anju Devi	5,000
TOTAL		**10,000**

2. Right Issue of 34,90,000 Equity Shares of our Company having a face value of ₹ 10/- each at a price of ₹ 10/- each aggregating to ₹ 3,49,00,000/- were allotted to the following allottees on March 20, 2018:

S. No.	Name of allottees	Number of Equity Shares
1.	Santosh Kumar Yadav	10,45,000
2.	Anju Devi	15,70,000
3.	Virender Yadav	2,45,000
4.	Raj Rani Yadav	6,30,000
TOTAL		**34,90,000**

3. Right Issue of 9,00,000 Equity Shares of our Company having a face value of ₹ 10/- each at a price of ₹ 10/- each aggregating to ₹ 90,00,000/- were allotted to the following allottees on March 31, 2020:

S. No.	Name of allottees	Number of Equity Shares
1.	Santosh Kumar Yadav	3,00,000
2.	Anju Devi	4,50,000
3.	Virender Yadav	1,00,000
4.	Raj Rani Yadav	50,000
TOTAL		**9,00,000**

4. Bonus Issue of 3,96,00,000 Equity Shares of our Company having face value of ₹ 10/- each in the ratio of 9:1 i.e. nine Equity Shares for every one Equity Shares on February 23, 2023:

S. No.	Name of Allottees	Number of Equity Shares
1.	Santosh Kumar Yadav	1,82,70,000
2.	Anju Devi	2,13,30,000
TOTAL		**3,96,00,000**

5. Private placement of 21,36,600 Equity Shares of our Company having a face value of ₹ 10/- each at a price of ₹ 152/- each aggregating to ₹ 32,47,63,200/- were allotted to the following allottees on October 21, 2023:

S. No.	Name of Allottees	Number of Equity Shares
1.	Unlisted Assets Private Limited	9,44,000
2.	Lokesh Arora	95,000
3.	Gobind Rai Verma	90,000
4.	Alpana	90,000
5.	Raj Khanderia	75,000
6.	Satish Chand Yadav	70,000
7.	Ram Singh Meena	70,000
8.	Dinesh Kumar Goel	70,000
9.	Suryaprakash Yadav	50000
10.	Pramesh Goyal	45,000
11.	Rajesh Goyal	45,000
12.	Lokesh Goyal	45,000
13.	Raunak Agarwal	40,000
14.	Adeshwar Kant	35,000
15.	Basant Daultani	35,000
16.	Utkarsh Sharma	32,000
17.	Sarla Sharma	32,000
18.	Rampal Yadav	30,000
19.	Rachna Jain	29,000
20.	Muskan Agarwal	26,000
21.	Darshan Parikh HUF	25,000
22.	Gajraj Singh	23,000
23.	Yash Vardhan Goel	20,000
24.	Pramod Kumar Yadav	16,500
25.	Rajpal	16,500
26.	Abhishek Yadav	16,500
27.	Seema	16,500
28.	Pramod Kumar Sultania & Sons HUF	16,000
29.	Shazad Khan	12,000
30.	Sanjiv Kumar Sinha	10,000
31.	Anubha Dusad	10,000
32.	Sunil Kumar Yadav	6,600
TOTAL		**21,36,600**

3. Issue of Equity Shares for consideration other than cash or out of revaluation reserves

Except as set out below, our Company has not issued Equity Shares through bonus issue or for consideration other than cash. Our Company has not issued any Equity Shares out of revaluation reserves since incorporation:

Date of Issue	Name of the allottees	No. of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Reason / Nature of Allotment	Benefits accrued to our Company
February 23, 2023	Santosh Kumar Yadav	1,82,70,000	10	-	Bonus Issue in the ratio of 9:1	Capitalization of Reserves & Surplus
	Anju Devi	2,13,30,000				

4. Issue of Shares pursuant to schemes of arrangement

Our Company has not allotted any Equity Shares in terms of any scheme of arrangement approved under sections 391- 394 of the Companies Act, 1956 or sections 230-234 of the Companies Act, 2013 as on the date of this DRHP.

5. Employee Stock Option Scheme

Our company doesn't have any Employee stock option scheme ("**ESOP**")/ Employee Stock

purchase scheme ("**ESPS**") for our employees and we do not intent to allot any equity shares to our employees under ESOP and ESPS from the proposed issue. As and when options are granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

6. Issue of Equity Shares at a price lower than the Issue Price in the last year

Our company has undertaken a private placement issue of 21,36,000 Equity Shares having face value of ₹ 10/- each at an issue price of ₹ 152/- per equity shares within the last one year before the date of filing the Draft Red Herring Prospectus to certain members of public. Details of the allotees thereon are as under

S. No.	Name of Allottees	Number of Equity Shares	Issue Price	Whether Part of Promoter Group	Reasons for issue
1.	Unlisted Assets Private Limited	9,44,000	152	No	To meet growth objectives, to strengthen financial position and to meet requirements of funds for general corporate purposes of the company.
2.	Lokesh Arora	95,000	152	No	
3.	Gobind Rai Verma	90,000	152	No	
4.	Alpana	90,000	152	No	
5.	Raj Khanderia	75,000	152	No	
6.	Satish Chand Yadav	70,000	152	No	
7.	Ram Singh Meena	70,000	152	No	
8.	Dinesh Kumar Goel	70,000	152	No	
9.	Suryaprakash Yadav	50000	152	No	
10.	Pramesh Goyal	45,000	152	No	
11.	Rajesh Goyal	45,000	152	No	
12.	Lokesh Goyal	45,000	152	No	
13.	Raunak Agarwal	40,000	152	No	
14.	Adeshwar Kant	35,000	152	No	
15.	Basant Daultani	35,000	152	No	
16.	Utkarsh Sharma	32,000	152	No	
17.	Sarla Sharma	32,000	152	No	
18.	Rampal Yadav	30,000	152	No	
19.	Rachna Jain	29,000	152	No	
20.	Muskan Agarwal	26,000	152	No	
21.	Darshan Parikh HUF	25,000	152	No	
22.	Gajraj Singh	23,000	152	No	
23.	Yash Vardhan Goel	20,000	152	No	
24.	Pramod Kumar Yadav	16,500	152	No	
25.	Rajpal	16,500	152	No	
26.	Abhishek Yadav	16,500	152	No	
27.	Seema	16,500	152	No	
28.	Pramod Kumar Sultania & Sons HUF	16,000	152	No	
29.	Shazad Khan	12,000	152	No	
30.	Sanjiv Kumar Sinha	10,000	152	No	
31.	Anubha Dusad	10,000	152	No	
32.	Sunil Kumar Yadav	6,600	152	No	
TOTAL		**21,36,600**			

In addition to Private Placement of 21,36,600 equity share referred above, our company has made bonus issue of 3,96,00,000 Equity Shares in the ratio of 9:1 to all the existing shareholders during the last one year from the date of filing of Draft Red Herring Prospectus.

7. Shareholding pattern of our Company

Set forth below is the shareholding pattern of our Company in accordance with Regulation 31 of the SEBI (LODR) Regulations 2015, as on the date of this Draft Red Herring Prospectus:

i. Summary of Equity Shareholding Pattern as on date of this Draft Red Herring Prospectus:

	Category of Shareholder	No. of Shareholders	No. of fully paid-up Equity Shares held	No. of partly paid- up Equity Shares held	No. of shares underlying depository receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of voting rights held in each class of securities			No. of shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
								No of voting rights					No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class - Equity	Total	Total as a % of (A+B+C)							
I	II	III	IV	V	VI	VII = (V + VI)	VIII	IX			X	XI = VII+X	XII		XIII		XIV
(A)	Promoters and Promoter Group	4	4,39,99,970	-	-	4,39,99,970	95.37%	4,39,99,970	-	95.37%	-	95.37%	[●]	[●]	-	-	4,39,99,970
(B)	Public	143	21,36,630	-	-	21,36,630	4.63%	21,36,630	-	4.63%	-	4.63%	[●]	[●]	-	-	21,36,630
(C)	Non-Promoter Non-Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	147	4,61,36,600	-	-	4,61,36,600	100%	4,61,36,600	-	100%	-	100%	[●]	[●]	-	-	4,61,36,600

**As on the date of this Draft Red Herring Prospectus 1 Equity Shares holds 1 vote.*

8. The List of the Shareholders of the Company holding 1% or more of the equity paid-up share capital on fully diluted basis aggregating to 80% or more of the paid-up share capital of the company.

(a) Set forth below is a list of Shareholders holding 1% or more of the Equity paid-up share capital of our Company and the number of Equity Shares held by them, on a fully diluted basis, as on the date of filing of this Draft Red Herring Prospectus.

Sr. No.	Name of the shareholder	Category	No. of Equity Shares on a fully diluted basis	Percentage of the pre-Issue Equity Share capital (%) on a fully diluted basis
1.	Santosh Kumar Yadav	Promoter	2,02,99,950	44.00%
2.	Anju Devi	Promoter	2,37,00,000	51.37%
TOTAL			**4,39,99,950**	**95.37%**

(b) Set forth below is a list of Shareholders holding 1% or more of the Equity paid-up share capital of our Company and the number of Equity Shares held by them, on a fully diluted basis, as of two years prior to the date of filing of this Draft Red Herring Prospectus.

Sr. No.	Name of the Shareholder	Category	No. of Equity Shares on a fully diluted basis	Percentage of the pre-issue Equity Share capital (%) on a fully diluted basis
1.	Santosh Kumar Yadav	Promoter	20,30,000	46.14%
2.	Anju Devi	Promoter	23,70,000	53.86%
TOTAL			**44,00,000**	**100.00%**

(c) Set forth below is a list of Shareholders holding 1% or more of the Equity paid-up share capital of our Company and the number of Equity Shares held by them, on a fully diluted basis, as of the date one year prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	Category	No. of Equity Shares on a fully diluted basis	Percentage of the pre-issue Equity Share capital (%) on a fully diluted basis
1.	Santosh Kumar Yadav	Promoter	20,30,000	46.14%
2.	Anju Devi	Promoter	23,70,000	53.86%
TOTAL			**44,00,000**	**100.00%**

(d) Set forth below is a list of Shareholders holding 1% or more of the Equity paid-up share capital of our Company and the number of Equity Shares held by them, on a fully diluted basis, as of the date ten days prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the shareholder	Category	No. of Equity Shares on a fully diluted basis	Percentage of the pre-Issue Equity Share capital (%) on a fully diluted basis
1.	Santosh Kumar Yadav	Promoter	2,02,99,950	44.00%
2.	Anju Devi	Promoter	2,37,00,000	51.37%
TOTAL			**4,39,99,950**	**95.37%**

9. Our company has not made any public issue since incorporation.

10. Intention or proposal to alter capital Structure

Except for any Equity Shares resulting out of the allotment of Equity Shares pursuant to the Issue and Equity Shares pursuant to the Pre-IPO Placement, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or Preference Shares or further issue of Equity or Preference Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of bonus issue of Equity or Preference Shares or on a rights basis or by way of further public issue of Equity or Preference Shares or qualified institutions placements or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.

11. Build-up of Promoter's shareholding, Minimum Promoter's Contribution and lock-in

As on the date of this Draft Red Herring Prospectus, our Promoters, **Santosh Kumar Yadav and Anju Devi** holds **2,02,99,950** Equity Shares, and **2,37,00,000** Equity Shares respectively, equivalent to **44.00%** and **51.37%** respectively of our pre-issue paid-up Equity Share capital of our Company on a fully diluted basis and for further details, see the chapter titled "***Our Promoters and Promoter Group***" beginning on page 251. All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment / acquisition of such Equity Shares.

As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by any of our Promoters are pledged.

a) Build-up of the Equity Shareholding of our Promoters in our Company

1) The details regarding the build-up of the Equity Shares held by **Santosh Kumar Yadav** in our Company since incorporation is set forth in the table below:

Date of transfer / allotment of Equity Shares (Fully paid up)	Number of Equity shares allotted/ transferred	Nature of transaction	Nature of consideration	Face Value per Equity Share (₹)	Transfer price / issue price per Equity Share (₹)	Percentage of the pre-Issue Equity capital (%)	Percentage of the post - Issue Equity capital (%)
On Incorporation	5,000	Initial subscription to MOA	Cash	10/-	10/-	0.01%	[●]
March 20, 2018	10,45,000	Right Issue of Equity Shares	Cash	10/-	10/-	2.27%	[●]
March 31, 2020	3,00,000	Right Issue of Equity Shares	Cash	10/-	10/-	0.65%	[●]
February 02, 2021	6,80,000	Acquired by way of transfer from Raj Rani Yadav	Cash	10/-	13.26/-	1.47%	[●]
February 23, 2023	1,82,70,000	Bonus Issue of Equity Shares	Other than Cash	10/-	Nil	39.60%	[●]
March 09, 2023	(10)	Transfer of Equity Shares to Vivek Chauhan	Cash	10/-	100/-	Negligible	[●]

Date of transfer / allotment of Equity Shares (Fully paid up)	Number of Equity shares allotted/ transferred	Nature of transaction	Nature of consideration	Face Value per Equity Share (₹)	Transfer price / issue price per Equity Share (₹)	Percentage of the pre-Issue Equity capital (%)	Percentage of the post - Issue Equity capital (%)
March 09, 2023	(10)	Transfer of Equity Shares to Yashpal Yadav	Cash	10/-	100/-	Negligible	[●]
March 09, 2023	(10)	Transfer of Equity Shares to Komal Yadav	Cash	10/-	100/-	Negligible	[●]
March 09, 2023	(10)	Transfer of Equity Shares to Manohar Lal	Cash	10/-	100/-	Negligible	[●]
March 11, 2023	(10)	Transfer of Equity Shares to Basti Ram Yadav	Cash	10/-	100/-	Negligible	[●]
TOTAL	**2,02,99,950**					**44.00%**	

2) The details regarding the build-up of the Equity Shares held by **Mrs. Anju Devi** in our Company since incorporation is set forth in the table below:

Date of transfer / allotment of Equity Shares (Fully paid up)	Number of Equity shares allotted/ transferred	Nature of transaction	Nature of consideration	Face Value per Equity Share (₹)	Transfer price/issue price per Equity Share (₹)	Percentage of the pre-Issue Equity Capital (%)	Percentage of the post-Issue Equity Capital (%)
On Incorporation	5,000	Initial subscription to MOA	Cash	10/-	10/-	0.01%	[●]
March 20, 2018	15,70,000	Right Issue of Equity Shares	Cash	10/-	10/-	3.40%	[●]
March 31, 2020	4,50,000	Right Issue of Equity Shares	Cash	10/-	10/-	0.98%	[●]
February 02, 2021	3,45,000	Acquired by way of transfer from Virender Yadav	Cash	10/-	13.26/-	0.75%	[●]
February 23, 2023	2,13,30,000	Bonus Issue of Equity Shares	Other than Cash	10/-	Nil	46.23%	[●]
TOTAL	**2,37,00,000**					**51.37%**	**[●]**

b) Equity shareholding of our Promoters and Promoter Group

Set forth below is the equity shareholding of our Promoters and Promoter Group in our Company as on the date of this Draft Red Herring Prospectus, on a fully diluted basis:

Sr. No.	Name of shareholders	Pre-Issue		Post-Issue	
		Number of Equity Shares	Percentage of Equity Share capital (%) on a fully diluted basis	Number of Equity Shares	Percentage of Equity Share capital (%)
Promoters					
1.	Santosh Kumar Yadav	2,02,99,950	44.00%	[●]	[●]
2.	Anju Devi	2,37,00,000	51.37%	[●]	[●]
Total (A)		**4,39,99,950**	**95.37%**	**[●]**	**[●]**
Promoter Group					
3.	Komal Yadav	10	Negligible	[●]	[●]
4.	Manohar Lal	10	Negligible	[●]	[●]

Sr. No.	Name of shareholders	Pre-Issue		Post-Issue	
		Number of Equity Shares	Percentage of Equity Share capital (%) on a fully diluted basis	Number of Equity Shares	Percentage of Equity Share capital (%)
Total (B)		20	Negligible	[●]	[●]
TOTAL (A+B)		4,39,99,970	95.37%	[●]	[●]

12. As on the date of filing of this Draft red-herring prospectus, our Company has 147 (One Forty Seven) Equity shareholders.

13. Aggregate shareholding of the promoter group and directors of the promoters where the promoter is a body corporate:

As on the date of this Draft Red Herring Prospectus, our Promoter Group holds 20 Equity Shares equivalents to Negligible % equity shares in our Company. Further there are no corporate promoters in our Company.

14. Except as disclosed in **"*Build-up of the Equity Shareholding of our Promoters in our Company*"** on page **102**, none of the members of our Promoter Group, our Promoters, our directors, or their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

15. Details of Promoter's contribution and lock-in

1) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post- Issue paid-up Equity Share capital of our Company held by our Promoters shall be provided towards minimum promoter's contribution and locked-in for a period of eighteen months from the date of Allotment ("**Minimum Promoters' Contribution**") and our Promoters' shareholding in excess of 20% shall be locked in for a period of six months from the Allotment.

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

3) The details of the Equity Shares held by our Promoters, which shall be locked-in as Minimum Promoters' Contribution for a period of eighteen months from the date of Allotment are set out in the following table:

Name of the Promoter	No. of Equity Shares locked- in	Date of allotment/ transfer of Equity Shares**	Date up to which the Equity Shares are subject to lock – in	Issue / Acquisition price per Equity Share	Nature of Allotment	Face value per Equity Share (₹)	% of the fully diluted pre- Issue Equity Share Capital	% of the fully diluted post- Issue Equity Share Capital
Santosh Kumar Yadav	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Anju Devi	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Note: To be updated at the Prospectus stage.
*** All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares.*

4) Our Company undertakes that the Equity Shares that are being locked-in are not and will not be ineligible for computation of Minimum Promoter's contribution in terms of Regulation 15 of the SEBI ICDR Regulations.

5) All the Equity Shares held by our Promoters were fully paid-upon the respective date of acquisition of such Equity Shares.

6) The Minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons identified as 'Promoter' under the SEBI ICDR Regulations.

7) In this connection, we confirm the following:
   (i) The Equity Shares offered for Minimum Promoter's contribution do not include (a) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets or capitalization of intangible assets was involved in such transaction, or (b) Equity Shares resulting from bonus issue by utilization of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of Minimum Promoters' contribution;
   (ii) The Minimum Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
   (iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company in the preceding one year and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm or a limited liability partnership firm; and
   (iv) The Equity Shares forming part of the Minimum Promoters' Contribution are not subject to any pledge.
   (v) All the Equity Shares held by our Promoter are held in dematerialized form.

16. Other lock-in requirements:

1) In addition to the 20% of the fully diluted post-Issue shareholding of our Company held by the Promoters locked in for eighteen months from the date of allotment in the Initial public offer as specified above, the entire pre-Issue Equity Share capital of our Company will be locked-in for a period of six months from the date of Allotment in the Initial public offer except for (i) the Minimum Promoter's Contribution which shall be locked for a period of eighteen months as detailed above.
2) There shall be a lock-in of 90 days on 50% of the Equity Shares Allotted to Anchor Investors from the date of Allotment, and a lock-in of 30 days on the remaining 50% of the Equity Shares Allotted to Anchor Investors from the date of Allotment.
3) As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.
4) Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoter which are locked-in for a period of six months from the date of Allotment in the initial public offer, may be pledged only with scheduled commercial banks or public financial institutions or NBFC-SI or a deposit accepting housing finance company as collateral security for loans granted by such banks

or public financial institutions, provided that with respect to the Equity Shares locked-in for six months from the date of Allotment, the pledge of such Equity Shares is one of the terms of the sanction of such loans. Equity Shares locked-in as Minimum Promoters' Contribution for eighteen months from the date of allotment in the initial public offer, can be pledged only if in addition to fulfilling the aforementioned requirements, such loans have been granted by scheduled commercial banks or public financial institutions or NBFC-SI or a deposit accepting housing finance company for the purpose of financing one or more objects of the Issue.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

5) In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoter may be transferred to a member of the Promoter Group or a new promoter or persons in control of our Company, subject to continuation of lock-in applicable to the transferee for the remaining period and compliance with provisions of the Takeover Regulations as applicable and such transferee shall not be eligible to transfer them till the lock-in period stipulated in SEBI ICDR Regulations has expired.
6) Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoters prior to the Issue and locked-in for a period of six months, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuance of the lock-in at the hands of the transferee and compliance with the provisions of the Takeover Regulations.

17. There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our directors, and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity, during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.

18. Our Company, our Promoters, our Directors and the BRLM have not entered into any buy-back arrangements and/or any other similar arrangements for purchase of the Equity Shares.

19. All Equity Shares issued, transferred, or allotted pursuant to the Issue will be fully paid up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

20. The BRLM and their respective associates (determined as per the definition of 'associate company' under the Companies Act, 2013 and as defined under the SEBI (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of the Company as on the date of this Draft Red Herring Prospectus. The BRLM and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

21. As on the date of this Draft Red Herring Prospectus, except Santosh Kumar Yadav, Anju Devi and Manohar Lal none of our other Directors and Shazad Khan, Basti Ram Yadav and Vivek Chauhan none of our other Key Management Personnel or Senior Management hold any Equity Shares of our Company. For details, see ***"Our Management – Shareholding of Directors in our Company"*** and ***"Our Management - Shareholding of the Key Managerial Personnel and Senior Management"*** on pages 239

and 249 respectively.

22. Except for the Equity Shares allotted pursuant to the Issue and Equity Shares pursuant to the Pre-IPO Placement, our Company shall not make any further issue of Equity Shares and/or any securities convertible into or exchangeable for Equity Shares, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner, during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares being offered under the Issue, have been listed on the Stock Exchanges pursuant to the Issue or all application monies have been refunded, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc., as the case may be.

23. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible securities or any other right granted by the Company which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

24. Our Company shall ensure that any transaction in the Equity Shares by our Promoters and our Promoter Group during the period between the date of filing this Draft Red Herring Prospectus and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of such transaction.

25. No person connected with the Issue, including but not limited to, the BRLM, the members of the Syndicate, our Company, our Wholly Owned Subsidiary, our Directors, our Promoters or the members of the Promoter Group and our Group Company, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Issue, except for fees or commission for services rendered in relation to the Issue.

26. At any given time, there shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law and there are no SR Equity Shares.

27. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

OBJECTS OF THE ISSUE

The Issue comprises of fresh Issue of Equity Shares by our Company and there is no offer for sale by any selling shareholders.

APPRAISING AGENCY

None of the objects of the Issue for which the Net Proceeds will be utilized have been appraised by any external agency or any bank/financial institution.

OBJECTS OF THE ISSUE

Our Company proposes to utilize the Net Proceeds of the Fresh Issue towards funding the following objects:

- Investment in our wholly owned subsidiary, KRN HVAC Products Private Limited for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan ***("Proposed Project")***; and

- General corporate purposes.

  (Collectively, referred to herein as the **"Objects"**)

Further, our company expects to receive the benefits of the listing of the Equity Shares on the Stock Exchanges, including enhancing our visibility and our brand image among our existing and potential customers.

The main objects clause and the objects ancillary to the main objects clause as sets out in our Memorandum of Association enables our company to (i) to undertake our existing business activities and (ii) to undertake the activities proposed to be funded from the Net Proceeds.

FRESH ISSUE PROCEEDS

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

(₹ in Lakhs)

S. No	Particulars	Amount [(1)]
1	Gross Proceeds from the Issue [(2)]	[●]
2	Less: Issue related expenses	[●]
	Net Proceeds of the Issue to the Company	[●]

(1) To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

(2) Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement of up to 4,77,990 Equity Shares. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement for General Corporate purposes.

UTILISATION OF NET ISSUE PROCEEDS

The Net Issue proceeds are proposed to be utilized in the following manner:

Particulars (₹ in Lakh)	***Amount which will be financed from Net Issue proceeds*** [(2)]
Investment in our wholly owned subsidiary, KRN HVAC Products Private Limited for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan ***("Proposed Project").***	22,688.54
General Corporate Purposes [(1)(2)]	[●]
Grand Total	[●]

[(1)] To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

[(2)] Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement of up to 4,77,990 Equity Shares. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with Rule 19(2)(b) of the SCRR. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement and after compliance with requirements prescribed under the Companies Act, our Company shall utilise the proceeds from such Pre-IPO Placement for General Corporate purposes.

Our Board, in its meeting dated **January 10, 2024** approved the utilization of the Net Proceeds towards (i) Investment in our wholly owned subsidiary, KRN HVAC Products Private Limited for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan, (ii) General Corporate Purposes

PROPOSED SCHEDULE OF IMPLEMENTATION AND DEPLOYMENT OF FUNDS

The following table set forth the details of the schedule of the expected deployment of the net proceeds:

(₹ in Lakh)

S. No.	**Particulars**	**Total estimated cost**	**Amount already deployed**	**Amount proposed to be funded from the Net Proceeds** [(1)]	**Estimated deployment in**	
					FY 2023-24	**FY 2024-25**
1	Investment in our wholly owned subsidiary, KRN HVAC Products Private Limited for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan ***("Proposed Project").***	24,410.98 [(3)]	1,722.44	22,688.54	2,000.00	20,688.54
2	General Corporate Purposes [(1)(2)]	[●]	[●]	[●]	[●]	[●]
Total		[●]	[●]	[●]	[●]	[●]

[(1)] To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

[(2)] The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue. Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement of up to 4,77,990 Equity Shares. The Pre-IPO Proceeds shall lead to corresponding reduction in utilization from General Corporate Purposes proceeds and fresh Issue size is accordingly reduced.

[(3)] Total estimated cost, as per Detailed Project Report ("DPR") dated January 08, 2024 *prepared and issued by Q-Serv Consultants Private Limited and verified by M/s Keyur Shah & Co. Chartered Accountants in*

respect of the Proposed Project.

The fund requirements, proposed deployment of funds and the intended use of the Net Proceeds set out above is based on our current business plan, internal management estimates, valid quotations received from third parties, certificate from an independent project consultant, current circumstances of our business, prevailing market conditions and other commercial considerations. However, these fund requirements and proposed deployment of Net Proceeds have not been appraised by any bank or financial institution. We may have to revise our funding requirement on account of various factors, such as financial and market conditions, delay in procuring and operationalizing assets or necessary licenses and approvals, competition, price fluctuations, interest rate fluctuations and other external factors, which may not be within the control of our management. This may also entail rescheduling of the proposed deployment of the Net Proceeds at the discretion of our management, subject to compliance with applicable laws. Further, in the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Offer during the period stated above due to any reason, including (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws. This may also entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable law***. For details, see "Risk Factor no. 1: Our company plans to invest the estimated sum of ₹ 22,688.54 lakhs out of the net proceeds of the Issue into our wholly owned subsidiary namely "KRN HVAC Products Private Limited" for setting up a manufacturing unit ("Proposed Project"). Although we have placed purchase orders of 17.36% of the capital expenditure to be incurred for the proposed purchase of machineries. In the event of any delay in placing the orders, or in the event the vendors are not able to provide the equipment / machineries or complete the civil and related works etc. in a timely manner, or at all, the same may result in time and cost over-runs"*** on page 33. *Also, management has discretion in how it may use a portion of the Net Proceeds of the Fresh Issue.*

Subject to compliance with applicable laws, if the actual utilisation towards any of the Objects, as set out above, is lower than the proposed deployment, such balance will be used towards any other Object including general corporate purposes, provided that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds, in accordance with the SEBI ICDR Regulations. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects of the Offer, we may explore a range of options including utilising our internal accruals, any additional equity or debt arrangements or both. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of any variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, including from internal accruals, if any, available in respect of the other purposes for which funds are being raised in the Offer. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned Objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent Fiscals towards the aforementioned Objects as may be determined by our Company, in accordance with applicable law. Our Company may also utilise any portion of the Net Proceeds, towards the aforementioned Objects of the Offer, ahead of the estimated schedule of deployment specified above

MEANS OF FINANCE

The fund requirements for all the Objects of the Issue are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance

under Regulation 7(1)(e) the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Fresh Issue or through existing identifiable internal accruals.

Further funds deployed in the **("Proposed Project")** after the date of filing the Draft Red Herring Prospectus and before the receipt of net issue proceeds shall be temporary funded by our company from its internal accruals as a short-term borrowing and such temporary arrangement of funds for the ***"Proposed Project"*** made available by our company shall be routed back to our company from the net issue proceeds.

DETAILS OF THE OBJECTS OF THE ISSUE

The details in relation to the objects of the Issue are set forth herein below.

1. *Investment in our wholly owned subsidiary, KRN HVAC Products Private Limited for setting up a new manufacturing facility at Neemrana, Alwar, Rajasthan ("Proposed Project").*

Our Company proposes to invest ₹ 24,410.98 Lakhs towards investment in our wholly owned Subsidiary, KRN HVAC Products Private Limited, which was incorporated on April 07, 2023, in order to set up a new manufacturing facility at Neemrana, Alwar, Rajasthan. The proposed investment by our Company will be undertaken to set -up a new manufacturing facility for manufacturing of Bar and Plate heat exchanger, Oil Cooling with blower and motor and Roll Band evaporator. This will help us to better serve our existing customers, assist us in better addressing the business requirements of large customers, and allow us to expand into new verticals, in particular, to address the growing need of railways for their electric engines, compressors manufacturers and refrigerator manufacturing companies.

Our wholly owned subsidiary company Board by its resolution dated **October 9, 2023** has approved the proposal to set up the Proposed Project for manufacturing of Bar and Plate heat exchanger, Oil Cooling with blower and motor and Roll Band evaporator.

Estimated Cost

The total estimated cost of the ***"Proposed Project***" is ₹ 24,410.98 Lakhs of which our Company proposes to utilise ₹ 22,688.54 Lakhs from the Net Proceeds for the capital expenditure requirements for setting up the "***Proposed Project"***, as per the DPR dt. January 8th, 2024 prepared and issued by Q-Serv Consultants Private Limited and verified by Keyur Shah & Co., Chartered Accountants. The fund requirements, the deployment of funds and the intended use of the Net Proceeds for the Proposed Project as described herein are based on our current business plan, management estimates, current and valid quotations from suppliers or purchase orders issued to suppliers/vendors, 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.

The total estimated cost for setting up the Proposed Project comprises the following:

(₹ in Lakh)

S. No.	Particulars	Total estimated cost [(1)(2)]	Amount already Deployed through Unsecured Loan from our Holding Company as on December 31, 2023[(3)]	Amount proposed to be funded from the Net Proceeds
1.	Land and Site Development	4,156.93	1,040.38	3,116.55
2.	Civil and structural works & others	12,267.67	359.70	11,907.97
3.	Plant and Machineries	7,021.90	322.36	6,699.54
	Sub total	**23,446.50**	**1,722.44**	**21,724.06**
4.	Contingency at the rate of 5%	964.48	-	964.48
	Total	**24,410.98**	**1,722.44**	**22,688.54**

[(1)] Inclusive of applicable GST.

[(2)] Total estimated cost, as per Detailed Project Report ("DPR") dated January 08, 2024 prepared and issued by Q-Serv Consultants Private Limited and verified by M/s Keyur Shah & Co. Chartered Accountants in respect of the Proposed Project.

[(3)] As of December 31st, 2023, the amount deployed towards the proposed project was Rs.1722.44 Lakhs, as certified by our statutory and peer reviewed auditor M/s. Keyur Shah & Co., Chartered Accountants, by way of their certificate dated January 10, 2024. For sources of funds for the amounts deployed, please see- "Means of Finance" Below.

We will be placing the orders with vendors based on the competitive cost and proposed delivery schedule of the equipment. The vendors for supply of such other equipment have been shortlisted on the basis of the reputation of the vendors, the historical performance of the equipment supplied by them and other factors such as electrical energy consumption, maintenance cost during operation stages, after sales services and support capability of the supplier to assist us during installation and provision of post-sale services.

We will place orders for the assets and services for which orders are yet to be placed as per the schedule of implementation for the Proposed Project.

Means of finance for Proposed Project

The total estimated cost for setting up of the Proposed Project is approximately ₹ 24,410.98 Lakhs. We intend to fund the estimated cost of setting up the Proposed Project as follows:

(₹ in Lakh)

Particulars	Amount
Total Estimated Project Cost (A)	24,410.98 [(1)]
(less) Amount deployed as of December 31st, 2023 (B)	1,722.44[(2)]
Balance amount to be incurred (C) =(A)-(B)	22,688.54
Amount to be funded by infusion of net proceeds (D)	22,688.54

[(1)] Total estimated cost, as per Detailed Project Report ("DPR") dated January 08, 2024 prepared and issued by Q-Serv Consultants Private Limited and verified by M/s Keyur Shah & Co. Chartered Accountants in respect of the Proposed Project.

[(2)] As of December 31st, 2023, the amount deployed towards the proposed project was Rs.1722.44 Lakhs, as certified by our statutory and peer reviewed auditor M/s. Keyur Shah & Co., Chartered Accountants, by way of their certificate dated January 10, 2024.

As of December 31, 2023, our Company has deployed ₹1722.44 Lakhs towards the Proposed Project. The funding for the same has been secured/ unsecured from the following.

Name of Entity	Nature of Party	Amount (In Lakhs)	Repayment terms	Rate of Interest
KRN Heat Exchangers and Refrigeration Limited	Holding Company	1722.44	On demand	Nil

The capital expenditure of ₹ 22,688.54 Lakhs will be met from the Net Proceeds, no amount is proposed to be raised through any other means of finance. Accordingly, we are in compliance with the requirements prescribed under Paragraph 9(C)(1) of Part A of Schedule VIII and Regulation 7(1)(e) of the SEBI ICDR Regulations which require firm arrangements of finance to be made through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue and existing identifiable internal accruals.

In case of a shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilizing our internal accruals.

Land and Site Development

The land on which the new manufacturing facility will be set up is located at Plot No. SP1-24, Kolila Joga, Neemrana, Alwar, Rajasthan-301705. The Total land area is 71,924 square metres. This property has been allotted to KRN HVAC Products Private Ltd ***("KRN HVAC")*** by Rajasthan State Industrial Development & Investment Corporation Limited ***("RIICO")*** vide their allotment letter dated September 20, 2023 for a period of 99 years from September 20, 2023 for service charges of ₹ 4,48,930 for the purpose of manufacturing of Heat Exchanger, refrigeration equipment, copper fittings/component, sheet metal parts and IDU Units, chest freezer, cold rooms, IDU and ODU and MCHX, radiator, plate and bar type heat exchanger, other HVAC components. The land was allotted to "KRN HVAC" for total purchase consideration of ₹ 3,998.97 Lakh. Out of total purchase consideration of ₹ 3,998.97 lakh, KRN HVAC Products Private Ltd has paid ₹ 999.74 Lakh to ***"RIICO"*** which was funded through by issuer company. The balance amount of ₹ 2,999.23 Lakh shall be paid by "KRN HVAC" in 11 quarterly instalments of ₹ 2,72,65,735 along with interest @ 8.50% Per Annuam ("PA") starting from first instalment on January 18th, 2024 and thereafter on first day of every subsequent quarter. "KRN HVAC" will pay entire outstanding amount due to RIICO for the said plot of land on receipt of IPO proceeds. The land shall be used for setting up the manufacturing facility and our company owns 100% of "KRN HVAC"

Summary of the land and site development costs are given below:

(₹ in Lakh)

Particulars	Total Estimated Cost
Land acquisition cost	*3,998.97*
Stamp duty and other taxes thereon	*157.96*
Total cost of land	***4,156.93***
(Less) Amount deployed	*1,040.38*
Balance to be paid	***3,116.55***

Civil and structural works & others

(₹ in Lakh)

S. No.	Particulars	Amount
a	*Civil Construction- Cost of Reinforced Cement Concrete("RCC") & Pre-Engineered Building("PEB")*	*4,323.14*
b	*Steel Fabrication of Pre-Engineered Building*	*2,482.55*
c	*Design, Supply, installation, testing & commissioning of Solar roof top*	*480.00*
d	*Utilities and other works such as Fire Fighting equipment's, Lifts and elevators, cranes, generators, sewage treatment plants ('STP"), furniture's, canteen equipment's, HVAC works etc.*	*1348.83*
e	*Electrical Works such as Low tension["LT"] Panels, Transformers, DG Sets, Cables, wirings, luminaires and fixtures, lighting, ducting etc.*	*1,547.98*
	***Total cost* - Civil and structural works & others**	***10,182.50***
f	*Architect Fees (2.10%)*	*213.83*
g	*GST & Other taxes*	*1,871.34*
	Grand Total	***12,267.67***
	(Less) Amount deployed	*359.70*
	Balance to be paid	***11,907.97***

The detailed break-down of these estimated costs for new manufacturing facility is provided in the table below:

Civil and structural works & others

A. Building, Services, fitments and site development works.

Area under construction	Area (In Square Meters)	Area (In Square Feet)
Area in Shed-1	2,529.00	27,222.16
Area in Shed-2	10,076.00	1,08,458.06
Area in Shed-3	10,210.00	1,09,900.44
Area in Shed-4	13,121.00	1,41,234.44
Area in Shed-5	5,631.00	60,612.08
Area in Admin bloc	1,400.00	15,069.60
Mezzanine Floors in Shed-1, 2, 3 & 4 (Office)	4,830.00	51,990.12
Total Built up	**47,797.00**	**5,14,486.90**

a. *Civil Construction- Cost of Reinforced Cement Concrete("RCC") & Pre-Engineered Building("PEB")*

(₹ in Lakh)

S. No.	Particulars	Rate (₹)	Unit	Quantity	Total Estimated Costs (₹)	Quotation Received from	Date of Quotation	Advance	Date of Advance
1.	Earth Work	361.71	Sqm	47,201.00	170.73	ECR Buildtech Private Limited	December 20th, 2023	142.50	December 20, 2023
2.	Concrete work	8,269.35	Cum	3,876 .00	320.52				
3.	Reinforced cement concrete	20,751.37	Cum	5,828 .00	1,209.39				
4.	Masonary work	6,344.11	Cum	3,958.00	251.10				
5.	Steel & aluminium work	5,393.26	Sqm	7,125.00	384.27				

6.	Flooring	1,604.10	Sqm	77,195.00	1,238.29				
7.	Roofing & waterproofing work	1,037.40	Sqm	1,925.00	19.97				
8.	Finishing work	405.54	Sqm	47,201.00	191.42				
9.	Miscellaneous civil works	173.66	Sqm	47,201.00	81.97				
10.	Road and pavement work	603.94	Sqm	29,811.00	180.04				
11.	Sanitary, water supply & drainage work	583.59	Sqm	47,201.00	275.46				
	Total				**4,323.14**			**142.50**	

b. Steel Fabrication of Pre-Engineered Building

(₹ in Lakh)

S. No.	Particulars	Unit	Quantity	Total Estimated Costs (₹)		Quotation received from	Date of quotation	Advance	Date of Advance
				Supply	Erection				
1	Shed 1 and 2 With Skylight & Galvalume Louvers	Sqm	13,592.00	668.53	61.03	Cold Steel Corporation Private Limited	December 20, 2023	180.92	December 20, 2023
2	Shed 3 With Skylight & Galvalume Louvers		10,960.00	513.12	46.84				
3	Shed 4 With Skylight & Galvalume Louvers		17008.00	799.83	73.01				
4	Shed 5 With Skylight & Galvalume Louvers		5,641.00	293.40	26.78				
Sub-Total				**2,274.89**	**207.66**				
Total				**2,482.55**				**180.92**	

c. *Design, Supply, installation, testing & commissioning of Solar roof top*

(₹ in Lakh)

S. No.	Particulars	Unit	Quantity	Rate (₹)	Total Estimated Costs (₹)	Quotation received from	Date of quotation	Advance	Date of Advance
1.	Design, supply, installation, testing and commissioning of 1500 kwp solar on grid system with mono cut cells PV modules of 540 + WP on Tin shed	KWP	1500.00	3200.00	480.00	Smart Proof Solar Solutions Private Limited	December 23, 2023	-	-

d. *Utilities and other works such as Fire Fighting equipment's, Lifts and elevators, cranes, generators, sewage treatment plants ('STP"), furniture's, canteen equipment's, HVAC works etc***.**

(₹ in Lakh)

S. No.	Particulars	Unit	Quantity	Rate (₹)	Total Estimated Costs (₹)	Quotation received from	Date of quotation	Advance	Date of Advance
1	**Fire Fighting Works**	Sqm	45,560.00	809.00	368.58	Deep Electricals	December 22, 2023	-	-
2	**Other Works**								
2.01	Lift & Elevators	Nos	1.00	13,25,199.00	13.25				
2.02	Electric overhead travelling crane capacity of 5 tons	Nos	5.00	43,00,000.00	215.00				
2.03	Dock levellers	Each	4.00	2,50,000.00	10.00				
2.04	Interior including partitions, electrical, A.C, loose furniture etc	Sqm	2,000.00	15,000.00	300.00				
2.05	Utilities like ETP, STP, Process piping etc.								
A	Sewage Treatment Plant (STP) - Capacity 40 kilo litres per day	Nos	1.00	4500000.00	45.00				
b	Process piping LPG, Oxygen, Nitrogen Gas Bank yard, Receiver and allied work etc.	LS	1.00	17000000.00	170.00				
2.06	Canteen Equipments & furniture	LS	1.00	11200000.00	112.00				
2.07	Hot Water Generators - 300000K Calories in shed -2	-	1.00	1500000.00	15.00				
2.08	HVAC works – (Production areas – Mechanical Ventilation)	Sqm	5000.00	2000.00	100.00				
	Total				**1,348.83**				

e. Electrical Works such as Low tension["LT"] Panels, Transformers, DG Sets, Cables, wirings, luminaires and fixtures, lighting, ducting etc.

(₹ in Lakh)

S. No.	Particular	Total Estimated Costs (₹)		Quotation received from	Date of quotation	Advance	Date of Advance
		Supply	Installation				
1	Sub - Station 33KV high tension (HT) Vacuum Circuit Breaker (VCB) Panel Indoor Type, Oil Type Distribution Transformer with OLTC & RTCC, DG Set with canopy and UPS	240.64	4.46	Hariram Enterprises	December 21, 2023	-	-
2	L. T. Panels Main D.G Power Panel (MDGPP), Main LT Panel (MLTP), Capacitor Control Panel (CCP)	145.03	145.03				
3	L. T. Cables and termination, Aluminium	432.18	36.50				

S. No.	Particular	Total Estimated Costs (₹)		Quotation received from	Date of quotation	Advance	Date of Advance
		Supply	Installation				
	Cables (Armoured)						
4	DB'S and internal wiring work						
i	Plant Office Areas & Substation	21.25	5.44				
ii	Plant Area	30.47	7.06				
5	Conduits and Wiring for Data, Telephones and TV System	5.52	1.48				
6	Luminaires & Fixtures	93.25	10.17				
7	Earthing & Miscellaneous Items	137.52	33.22				
8	Outdoor Lighting	76.62	21.03				
9	Lightning Protection System	48.42	9.50				
10	Triple Pole and Neutral (TPN) Aluminium Bus duct	41.27	1.92				
	Total	**1272.17**	**275.81**				
	Grand Total		**1547.98**				

f. Architect Fees

Our Company has received quotation dated October 04, 2023 from Rajiv Associates. The Rajiv Associates will provide us comprehensive Architectural consultancy services in all the components relating to the construction of buildings and setup of manufacturing unit and the total estimate rate for Architect Fees is 2.10% (Two-point one Percent) excluding GST and other taxes of the total project cost for providing comprehensive architectural consultancy services. Our company also paid advance amount of ₹ 11.00 lakhs, ₹ 20.00 lakhs and ₹ 5.29 lakhs on dated September 13, 2023, November 20, 2023 and December 29, 2023.

Plant and Machineries

(₹ in Lakh)

S. No.	Particulars	Quantity	Total estimated Cost (₹)	Quotation received from	Date of Quotation	Country name	Advance	Date of Advance	Date of Placement of Order	Expected date of supply
1.	H Type Fin Press 60 Ton capacity	7 Sets	511.70*	JDM Jingda Machine (Ningbo) Co. Ltd.	September 29, 2023	China	-	-	Yet to be Placed	December, 2024
2.	Hairpin Bender 3000 Mm length	4 Sets	209.33*		September 29, 2023		-	-	Yet to be Placed	
3.	Hairpin Bender 3000 Mm length * 5.00 Mm tube diameter	1 Set	49.84*		September 29, 2023		-	-	Yet to be Placed	
4.	Hairpin Bender 3000 Mm length * 12.70 Mm tube diameter	1 Set	57.32*		September 29, 2023		-	-	Yet to be Placed	
5.	Expander Vertical 2.50 Mtr length	4 Sets	415.34*		September 29, 2023		-	-	Yet to be Placed	
6.	Expander Vertical 2.50 Mtr length * 5.00 Mm tube diameter	1 Set	112.14*		September 29, 2023		-	-	Yet to be Placed	
7.	Acoustic Chambers for Fin Press	7 Nos	137.90	Envirotech Systems Limited	October 7, 2023	India	-	-	Yet to be Placed	
8.	Fin Die 12.7 Mm diameter	1 Set	40.70*	YHM (Wuxi) Foreign Trade Co., Ltd.	September 30, 2023	China	-	-	Yet to be Placed	
9.	Fin Die 6.35 Mm diameter X 25.4 Mm pitch	1 Set	79.41*		September 30, 2023		-	-	Yet to be Placed	
10.	Fin Die 6.35 Mm X 19.05 Mm	1 Set	82.90*		September 30, 2023		-	-	Yet to be Placed	
11.	Fin Die 5 Mm diameter	1 Set	95.94*		September 30, 2023		-	-	Yet to be Placed	
12.	Fin Die 7.94 Mm daimeter	1 Set	80.16*		September 30, 2023		-	-	Yet to be Placed	
13.	Fin Die 9.52 Mm diameter X 25.4 Mm pitch	1 Set	53.41*		September 30, 2023		-	-	Yet to be Placed	
14.	Fin Die 9.52 Mm diameter X 25 Mm pitch	1 Set	53.41*		September 30, 2023		-	-	Yet to be Placed	
15.	Fin Die 15.88 Mm diameter	1 Set	65.54*		September 30, 2023		-	-	Yet to be Placed	
16.	Horizontal Expander Moca-TS-7000	1 no	295.40*	C.M.S S.P.A.	May 29, 2023	Italy	28.93 and 58.10	June 14, 2023 and November 06, 2023	May 29, 2023	
17.	Ball Expanding Machine SS 5/8"	1 no	68.17*	C.M.S S.P.A.	October 30,		-	-	Yet to be	

S. No.	Particulars	Quantity	Total estimated Cost (₹)	Quotation received from	Date of Quotation	Country name	Advance	Date of Advance	Date of Placement of Order	Expected date of supply
	diameter				2023				Placed	
18.	Coil Bending CBV	1 Set	172.70*	C.M.S S.P.A.	June 24, 2023		50.95	November 06, 2023	June 24, 2023	
19.	Coil Bending CBO	1 Set	149.97*	C.M.S S.P.A.	June 24, 2023		44.24	November 06, 2023	June 24, 2023	
20.	CNC Chipless straitening and cutting with 7 types tolling's	1 no	22.84*	Zhongshan OMS Trading Co. Ltd.	September 23, 2023	China	-	-	Yet to be Placed	
21.	CNC Chipless straitening and cutting with 2 types tolling's	1 no	14.70*		September 23, 2023		-	-	Yet to be Placed	
22.	CNC Chipless straitening and Saw cutting machine	1 no	18.44*		September 23, 2023		-	-	Yet to be Placed	
23.	Coil Bending Machine	1 no	17.94*		September 23, 2023		-	-	Yet to be Placed	
24.	U Bend Machine 9.52 Mm diameter	1 no	17.36*		September 23, 2023		-	-	Yet to be Placed	
25.	U Bend Machine 5.00 Mm diameter	1 no	16.28*	Zhongshan OMS Trading Co. Ltd.	September 23, 2023	China	-	-	Yet to be Placed	
26.	U Bend Machine 7.00 Mm diameter	1 no	17.36*		September 23, 2023		-	-	Yet to be Placed	
27.	U Bend Machine 12.70 Mm diameter	1 no	20.43*		September 23, 2023		-	-	Yet to be Placed	
28.	U Bend Machine 6.35 Mm diameter	1 no	17.36*		September 23, 2023		-	-	Yet to be Placed	
29.	Size & Ringing Machine 9.52 Mm diameter	1 no	29.24*		September 23, 2023		-	-	Yet to be Placed	
30.	Size & Ringing Machine 5.00 Mm diameter	1 no	21.27*		September 23, 2023		-	-	Yet to be Placed	
31.	Size & Ringing Machine 7.00 Mm diameter	1 no	25.25*		September 23, 2023		-	-	Yet to be Placed	
32.	Size & Ringing Machine 12.70 Mm diameter	1 no	22.51*		September 23, 2023		-	-	Yet to be Placed	
33.	Size & Ringing Machine 6.35 Mm diameter	1 no	25.25*		September 23, 2023		-	-	Yet to be Placed	
34.	U Bend Cleaning Machine	1 no	47.35*		September 23, 2023		-	-	Yet to be Placed	
35.	Straightening And Cutting Machine With Inserting Insulation Tube	1 no	25.75*		September 23, 2023		-	-	Yet to be Placed	
36.	Flaring Machine	1 no	7.48*		September 23, 2023		-	-	Yet to be Placed	

S. No.	Particulars	Quantity	Total estimated Cost (₹)	Quotation received from	Date of Quotation	Country name	Advance	Date of Advance	Date of Placement of Order	Expected date of supply
37.	Pancake Machine	1 no	4.15*		September 23, 2023		-	-	Yet to be Placed	
38.	Capillary Tube Cutting and Beading Machine (Saw Cutting Type)	1 no	18.28*		September 23, 2023		-	-	Yet to be Placed	
39.	T Drill Machine for Pipe Drilling	1 no	30.65*		September 23, 2023		-	-	Yet to be Placed	
40.	3 position pipe End Forming Machine	1 no	11.93*		September 23, 2023		-	-	Yet to be Placed	
41.	3 position pipe End Forming Machine Horizontal type	1 no	37.98*		September 23, 2023		-	-	Yet to be Placed	
42.	Pipe End Forming Machine with Spinning mode	1 no	16.33*		September 23, 2023		-	-	Yet to be Placed	
43.	End Closing Machine	1 no	15.33*		September 23, 2023		-	-	Yet to be Placed	
44.	CNC Tube Bender TBM 100	1 no	87.97*		September 23, 2023		-	-	Yet to be Placed	
45.	CNC Tube Bender CDBM 1200	1 no	18.77*		September 23, 2023		-	-	Yet to be Placed	
46.	CNC Tube Bender TBM 25	1 no	13.30*		September 23, 2023		-	-	Yet to be Placed	
47.	Ultrasonic Cleaning machine	1 no	22.69	Supersonics	July 10, 2023	India	-	-	Yet to be Placed	
48.	T Drill machine (T 115)	1 no	92.41*	Neutec Engineering & Technology	October 6, 2023	Finland	-	-	Yet to be Placed	
49.	T Drill machine (S 24)	1 no	20.12*		October 6, 2023		-	-	Yet to be Placed	
50.	Helium Leak Testing single Chamber machine	1 no	108.30	Nxtek Solution With The Power Of Quality	September 19, 2023	India	-	-	Yet to be Placed	
51.	Helium Leak Testing double Chamber machine	1 no	137.75		August 28, 2023		-	-	Yet to be Placed	
52.	Helium Leak Testing Sniffer machine	1 no	39.90		September 19, 2023		-	-	Yet to be Placed	
53.	Vacuum Leak Testing machine	2 no	36.04		August 28, 2023		-	-	Yet to be Placed	
54.	Drying Oven (With Conveyor)	2 nos	60.63	RDR Taichi Pvt. Ltd.	September 27, 2023	India	-	-	Yet to be Placed	
55.	Drying Oven (Vertical type)	2 nos	50.86		September 27, 2023		-	-	Yet to be Placed	
56.	Drying Oven for Header	1 no	20.41		September		-	-	Yet to be	

S. No.	Particulars	Quantity	Total estimated Cost (₹)	Quotation received from	Date of Quotation	Country name	Advance	Date of Advance	Date of Placement of Order	Expected date of supply
					27, 2023				Placed	
57.	Tube Removing Tool	2 nos	29.09*	OMTR Consruzione Attrezzatura	September 1, 2023	Italy	-	-	Yet to be Placed	
58.	Scissor lifter with brazing station	10 nos	21.50	Shree Ganga Engineers	August 28, 2023	India	-	-	Yet to be Placed	
59.	Leak Test Tank 5000 Mm length	2 Nos	4.24	Global Engineers & Contractors	October 9, 2023		-	-	Yet to be Placed	
60.	Leak Test Tank 3000 Mm Length	3 Nos	4.20		October 9, 2023		-	-	Yet to be Placed	
61.	Leak Test Tank 1500 Mm length	2 Nos	1.82		October 9, 2023		-	-	Yet to be Placed	
62.	Assy Conveyor Line (CCU IDU)	1 no	20.37	Shree Ganga Engineers	September 26, 2023		-	-	Yet to be Placed	
63.	Jib Crain	5 nos	36.81	Industrial Equipment Company	September 27, 2023	India	-	-	Yet to be Placed	
64.	Spray Paint Booth	1 no	15.50	Shree Sai Associates	September 24, 2023	India	-	-	Yet to be Placed	
65.	Rack 6400 Mm * 1000 Mm * 2700 Mm with 1500 kgs pallet load	70 nos	44.25	Industrial Equipment Company	September 28, 2023	India	-	-	Yet to be Placed	
66.	Fork Lift 3.0 Ton capacity	1 no	13.20		September 30, 2023		-	-	Yet to be Placed	
67.	Fork Lift 2.0 Ton capacity	1 no	12.80		September 30, 2023		-	-	Yet to be Placed	
68.	Articulated Forklift	1 no	36.76		September 30, 2023		-	-	Yet to be Placed	
69.	Hand Pallet 2.5 Ton capacity	10 nos	2.15		September 30, 2023		-	-	Yet to be Placed	
70.	Battery Operated Lifter	1 no	1.90		September 30, 2023		-	-	Yet to be Placed	
71.	Dock Leveler 9.00 ton	6 no	18.30	Industrial Equipment Company	September 30, 2023	India	-	-	Yet to be Placed	
72.	Hand Pallet 3.0 Ton * 3.00 Meter	5 nos	2.85	Brightway Engineers	August 29, 2023	India	-	-	Yet to be Placed	
73.	Hand Pallet 5.0 Ton capacity	5 nos	2.30		August 29, 2023		-	-	Yet to be Placed	
74.	Table Saw Cutter machine	1 no	0.58	R Tech	August 29,	India	-	-	Yet to be	

S. No.	Particulars	Quantity	Total estimated Cost (₹)	Quotation received from	Date of Quotation	Country name	Advance	Date of Advance	Date of Placement of Order	Expected date of supply
					2023				Placed	
75.	NC Turret Punch Press Model with Standard Accessories	1 no	190.00	Amada (India) Private Limited	October 3, 2023	India	-	-	Yet to be Placed	
76.	Laser Cutting	1 no	63.13	QINGDAO DADONG AUTOMATION TECHNOLOGY CO., LTD	September 29, 2023	India	-	-	Yet to be Placed	
77.	Compressor For Laser Cutting	1 no	8.02	ELGI Always Better	October 4, 2023	India	-	-	Yet to be Placed	
78.	CNC Hydraulic Press Brake Small Size	1 no	30.50	Hindustan Hydraulics	September 29, 2023	India	-	-	Yet to be Placed	
79.	CNC Hydraulic Press Brake Big Size	1 no	96.00		September 29, 2023		-	-	Yet to be Placed	
80.	Edge Bending machine	1 no	27.83*	Zhongshan OMS Trading Co. Ltd.	September 23, 2023	China	-	-	Yet to be Placed	
81.	Clade Sheet Cutting Machine	1 no	13.25	Hertz Controls (India) Pvt. Ltd.	November 23, 2023	India	2.65	December 04, 2023	November 23, 2023	
82.	Cooling Tower	1 no	1.64	Composite Aqua Systems & Equipments Pvt. Ltd.	September 19, 2023	India	-	-	Yet to be Placed	
83.	Fin Forming Machine	1 no	88.97	YHM (Wuxi) Foreign Trade Co. Ltd.	January 8th 2024	India	-	-	Yet to be Placed	
84.	Leak Detactor	2 nos	1.92	A-S Marketing	September 20, 2023	India	-	-	Yet to be Placed	
85.	Vacuum Furnace	1 no	380.00	HHV Thermal Technologies Private Limited	October 16, 2023	India	133.00	November 04, 2023	October 17, 2023	
86.	SS Brazing Ficture	24 nos	0.10*	Wuxi Yongheng Aluminium Industry Co., Ltd.	September 12, 2023	China	-	-	Yet to be Placed	
87.	Ultrasonic Cleaning	1 no	21.85	Life-Care Equipments Pvt. Ltd.	October 27, 2023	India	4.49	November 24, 2023	November 07, 2023	

S. No.	Particulars	Quantity	Total estimated Cost (₹)	Quotation received from	Date of Quotation	Country name	Advance	Date of Advance	Date of Placement of Order	Expected date of supply
88.	Scroll Chiller - 50 Tons	1 no	41.82	Nu-Vu Conair	September 30, 2023	India	-	-	Yet to be Placed	
89.	Tig Welding –Aluminum	6 nos	10.50	ESAB India Limited	October 3, 2023	India	-	-	Yet to be Placed	
90.	Mig Welding- Aluminum	4 nos	3.68		October 3, 2023	India	-	-	Yet to be Placed	
91.	Radial Drilling Machine	1 no	4.30	Associated Technocrats Private Limited	September 30, 2023	India	-	-	Yet to be Placed	
92.	Lathe machine	1 no	9.50		September 30, 2023		-	-	Yet to be Placed	
93.	Milling machine	1 no	4.83		September 30, 2023		-	-	Yet to be Placed	
94.	Band Saw cutting machine	1 no	1.32	ITL Industries Limited	September 29, 2023		-	-	Yet to be Placed	
95.	Low Air Compressor Fix Speed	1 no	18.52	Industrial Equipment Company	October 3, 2023		-	-	Yet to be Placed	
96.	Low Air Compressor VFD	1 no	21.20		October 3, 2023		-	-	Yet to be Placed	
97.	High Air pressure Compressor	4 nos	12.88	SHAKTI PNEUMATICS	August 26, 2023		-	-	Yet to be Placed	
98.	Heatless Air Dryer	4 nos	8.80	Soni Tech India Private Limited	September 28, 2023		-	-	Yet to be Placed	
99.	Air Receiver 500 Ltr	4 nos	6.40		September 28, 2023		-	-	Yet to be Placed	
100.	RO Plant 6000 LPH	1 no	14.63	Enviro Lab	September 22, 2023		-	-	Yet to be Placed	
101.	DM Plant 4000 LPH	1 no	8.66		September 22, 2023		-	-	Yet to be Placed	
102.	Coil Straightning & Sliting	1 no	40.00	Global Engineers & Contractors	October 16, 2023		-	-	Yet to be Placed	
103.	BR Machine (braising)	1 no	25.00		October 16, 2023		-	-	Yet to be Placed	
104.	Conveyer Oven Machine	1 no	40.00	RDR Taichi PVT. LTD.	October 16, 2023		-	-	Yet to be Placed	
105.	4 Hi Mill (hot rolling mill)	4 nos	120.00	Global Engineers & Contractors	October 16, 2023		-	-	Yet to be Placed	
106.	2 Hi CRM (cold rolling mill)	2 nos	80.00		October 16, 2023		-	-	Yet to be Placed	
107.	In Machine (inflation)	1 no	45.00		October 16,		-	-	Yet to be	

S. No.	Particulars	Quantity	Total estimated Cost (₹)	Quotation received from	Date of Quotation	Country name	Advance	Date of Advance	Date of Placement of Order	Expected date of supply
					2023				Placed	
108.	Powder Coating machine	1 no	300.00	RDR Taichi PVT. LTD.	October 16, 2023		-	-	Yet to be Placed	
		Total	**5,950.76**				**322.36**			
		GST and other taxes	**1,071.14**							
		Total Cost of Plant & Machinery	**7,021.90**							

**For all imported equipment or machinery, our Company has used an exchange rate on dated January 08, 2024 for USD 1= ₹ 83.0687 and EURO 1 = ₹90.8932.*

As on the date of this Draft Red Herring Prospectus, we have placed orders for plant and machineries aggregating to ***₹ 1033.17 Lakhs*** and given advance of **₹ 322.36 Lakhs** i.e., approximately **17.36%** of the total estimated cost for purchase of plant and machinery. We are yet to place orders for such plant and machineries for an aggregate amount of ***₹ 5,950.76 Lakhs***. Accordingly, we are yet to place orders for 82.64% of the total estimated cost in relation to the purchase of plant and machinery.

Contingencies

Our Company envisages that there might be price fluctuations and the currently estimated project cost may increase on account of factors beyond our control, including increase in cost of machinery and associated transportation or other charges or taxes. The total estimated cost for contingencies is ₹964.48 Lakhs as estimated in DPR, based on past experience which is 5% of the amount proposed to be funded in Civil and structural works & others and Plant & Machineries from the Net Proceeds for setting up the Proposed Project.

Government Approvals

In relation to the proposed project, we are required to obtain approvals, which are routine in nature, from certain governmental or local authorities as provided in the table below and as per the DPR:

S. No.	Approval For	Authority	Application Date	Approval date	Stage at which approvals are required	Status
1.	Submission and approval of building layout plan, approval to construct, extend or take into use any building as a factory	Chief-Inspector Factories & Boilers (Jaipur)	To be applied	NA	With Factories License before commissioning	Pending
2.	Registration of Property, Approval of building layout, Completion Certificate, Occupancy Certificate, Rain Water Harvesting Certificate	RIICO Authorities (Neemrana)	To be applied	NA	After Construction and in due business course	Pending
3.	Consent to establish and Consent to Operate	RSPCB, Jaipur	To be applied	NA	Before commissioning	Pending
4.	Sanction of electrical load	JVVNL, Rajasthan	To be applied	NA	Before commissioning	Pending
5.	Factory License	Industrial Department	To be applied	NA	Before commissioning	Pending
6.	Standing Orders	Labour Commissioner, Jaipur	To be applied	NA	After commissioning	Pending
7.	Fire NOC	Municipality, Behror	To be applied	NA	Before commissioning	Pending
8.	Licence under Contract labour abolition Act	Department of Labour	To be applied	NA	After commissioning	Pending

Proposed schedule of implementation of the Proposed Project

The proposed schedule of activities as per the DPR, in respect of the Proposed Project are as follows:

S. No.	Particulars	Actual/ Estimated Commencement Date	Expected Completion Date
1.	Land acquisition	August, 2023	March, 2024
2.	Site development and civil and structural works	January, 2024	December, 2024
3.	Procurement of Plants and machineries	May, 2023	September, 2024

4.	Installation of Plant and Machineries	July, 2024	December, 2024
5.	Procurement of Miscellaneous Fixed Assets	January, 2024	October, 2024
6.	Installation of Miscellaneous Fixed Assets	July, 2024	December, 2024
5.	Power connection	June, 2024	June, 2024
6.	Water connection (Tubewell)	June, 2024	June, 2024
7.	Trial run	January,2025	January, 2025
8.	Commencement of commercial production	February,2025	February, 2025

Infrastructure facilities and utilities

Water

Water supply line available around factory boundary plot and it can be easily accessible after water connection update. Water requirement for this plant would be around 16000 liters per day and the same shall be fulfilled from RIICO water supply. Water collected will be stored in underground tanks and will be used for water requirement of manpower, plantation and process.

Power

11KV power supply line available around factory plot boundary and it can be easily accessible after electricity connection update. The company proposes to acquire power via 11 KV HT from Jaipur Vidyut Vitran Nigam Limited. The proposed connected load for the Project would be around 2000 KVA and the operating load would be 2000 KVA, For the critical power back up company plans to install 1000 KVA diesel Generator (CPCB IV).

Raw Materials

The basic raw materials to manufacture HVAC Products are Aluminum Foil, Copper Foil, Copper Tube, Galvanise Sheet, Brass Sheet, Copper Sheet, Aluminum Sheet, Stainless Steel etc. These materials are easily available indigenously in abundance and there is no scarcity of the materials. The materials can however be imported and there are no restrictions whatsoever on these. As per the extant Import-Export Policy of India 2019-2024, these materials are not under negative list i.e. these can be imported freely.

With respect to the utilities, equipment and machinery, construction and other expenses, we have not entered into definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the equipment and machinery and other items or at the same costs. The quantity of equipment and machinery and other items to be purchased is based on the present estimates of our management. All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. If we engage someone other than the identified third-party vendors from whom we have obtained quotations or if the quotations obtained expire, such vendor's estimates and actual costs for the items listed above may differ from the current estimates. Additionally, there may be revision in the final amounts payable towards these quotations pursuant to any taxes or levies payable on such item. No second-hand or used equipment and machinery is proposed to be purchased out of the Net Proceeds.

In the proposed project, the working capital requirements will be met through funding from the parent/holding company by way of equity or debt as and when needed. This strategic approach ensures a stable financial foundation by utilizing the company's own resources, minimizing external dependencies and optimizing the overall financial structure for successful project execution.

The form of infusion of such amount allocated for this object will be, by way of equity or through any

other manner, which shall be decided by our Board before infusion of the proceeds into our wholly owned Subsidiary, KRN HVAC Products Private Limited after considering certain commercial and financial factors.

The brief financials of KRN HVAC Products Private Limited are provided in the table below:

(₹ in Lakh)

Particulars	For the period ended September 30, 2023
Equity Capital	500.00
Other Equity	(13.83)
Secured Borrowings	0.00
Unsecured Borrowings	1350.28
Non-Current Assets (including Land)	509.33
Revenue from Operations	0.00
Profit / (loss) after tax	(13.83)

Our Promoters, Directors, and Key Managerial Personnel do not have any interest in the proposed acquisition of the plant and machinery or in the entity from whom we have obtained quotations in relation to such proposed acquisition of the plant and machinery for the proposed project.

2. General corporate purposes

The Net Proceeds will first be utilized for the objects as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds, aggregating up to ₹ [●] Lakh, towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations.

In accordance with the policies set up by our Management, we have flexibility in applying the remaining Net Proceeds, for general corporate purpose including but not restricted to the following:

a) Strategic initiatives;
b) brand building exercises;
c) Funding growth opportunities and
d) On – going general corporate exigencies, which the Company in the ordinary course of business may not foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

We confirm that any issue related expenses shall not be considered as a part of general corporate purpose. The quantum of utilization of funds towards each of the above purposes will be determined by our Board of Directors based on the permissible amount actually available under the head **"General Corporate Purposes"** and the business requirements of our Company, from time to time. We, in accordance with the policies of the Board, will have flexibility in utilizing the Net Proceeds for general corporate purposes, as mentioned above.

INTERIM USE OF FUNDS

Pending utilization of the proceeds of the Issue for the purposes described above, our Company will temporarily invest the Net Issue Proceeds in deposits with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934 for the necessary duration, as may be approved by the Board.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilization of the proceeds of the Issue as described above, it shall not use the funds from the Net Proceeds for any investment in equity and/ or real estate products and/ or equity linked and/ or real estate linked products.

BRIDGE FINANCING FACILITIES

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

ISSUE RELATED EXPENSES

The total expenses for this Issue are estimated to be approximately ₹ [●] Lakh. The expenses for this Issue include, among others, listing fees, fees payable to the BRLM, legal counsel of the Issue for the supervision of all the legal requirements and compliances, Registrar to the Issue for performing all the responsibilities as mentioned under the RTA agreement, Bankers to the Issue to perform their responsibilities as allocated under the Bankers to the Issue Agreement, Peer Review Auditors for auditing and restatements of financial information, processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to the Syndicate, Registered Brokers, SCSBs, RTAs and CDPs, printing and stationery expenses, advertising, marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Breakup for the estimated Issue Expenses is as follows:

(₹ in Lakhs)

Particulars	Expenses*	As % of total expenses	As % of Gross Issue size*
Fees payable to the Book Running Lead Managers (including Underwriting commission)	[●]	[●]	[●]
Selling commission/processing fee for SCSBs, Sponsor Banks and fee payable to the Sponsor Banks for Bids made by RIBs and brokerage and selling commission and bidding/uploading charges for members of the Syndicate (including their Sub-Syndicate Members), Registered Brokers, RTAs and CDPs [1,2,3]	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Legal Advisors	[●]	[●]	[●]
Fees payable to the Registrar to the Issue	[●]	[●]	[●]
Fees payable to the to the regulators including Stock Exchanges	[●]	[●]	[●]
Printing and distribution of Issue stationary	[●]	[●]	[●]
Others (Bankers to the Issue, auditor's fees etc.)[4]	[●]	[●]	[●]
Total estimated Issue Expenses	[●]	[●]	[●]

The company has incurred ₹ 122.70 Lakh towards Issue expenses as certified by our Statutory Auditor pursuant to their certificate dated January 06, 2024.

**Exclusive of applicable taxes.*

Issue expenses are estimates and are subject to change. Will be incorporated at the time of filing of the Prospectus on determination of Issue Price.

1. *Selling commission payable to the SCSBs on the portion for QIBs, RIBs and Non-Institutional Bidders which are directly procured and uploaded by the SCSBs, would be as follows:*

Portion for QIBs	*0.10% of the Amount Allotted* (plus applicable taxes)*
Portion for RIBs	*0.25% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*0.15% of the Amount Allotted* (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.*

Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

No processing fees shall be payable by our Company to the SCSBs on the applications directly procured by them.

Processing fees payable to the SCSBs on the portion for QIBs, RIB and Non-Institutional Bidders (excluding UPI Bids) which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:

Portion for QIBs, RIB and Non-Institutional Bidders	*₹ 10 per valid application (plus applicable taxes)*

Uploading/Processing fees payable to the SCSBs for capturing Syndicate Member/Sub syndicate (Broker)/Sub-broker code on the ASBA Form for Non-Institutional Bidders and Qualified Institutional Bidders with bids above ₹ 5,00,000 would be ₹ 10 plus applicable taxes, per valid application. In case the total ASBA processing charges payable to SCSBs exceeds ₹ 10.00 Lakhs, the amount payable to SCSBs would be proportionately distributed based on the number of valid applications such that the total ASBA processing charges payable does not exceed ₹ 10.00 Lakhs.

2. *Selling commission on the portion for RIBs (up to ₹ 200,000) using the UPI mechanism, Non-Institutional Bidders, QIBs which are procured by members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs or for using 3-in-1 type accounts- linked online trading, demat& company account provided by some of the brokers which are members of Syndicate (including their Sub-Syndicate Members) would be as follows:*

Portion for QIBs	*0.10% of the Amount Allotted* (plus applicable taxes)*
Portion for RIBs	*0.25% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*0.15% of the Amount Allotted* (plus applicable taxes)*

** Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.*

The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined:

i. *For RIBs & NIBs (up to Rs 5 lakhs) on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.*
ii. *For NIBs (Bids above Rs 5 lakhs) and QIBs on the basis of the Syndicate ASBA Form bearing SM Code & Sub-Syndicate Code of the application form submitted to SCSBs for Blocking of the Fund and uploading on the Exchanges platform by SCSBs. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the Syndicate / Sub Syndicate members and not the SCSB.*

3. *Uploading Charge/processing Charges:*

   i. *payable to members of the Syndicate (including their sub-Syndicate Members), on the applications made using 3-in-1 accounts, would be: ₹ 10 plus applicable taxes, per valid application bid by the Syndicate member (including their sub-Syndicate Members), In case the*

total processing charges payable under this head exceeds ₹ 10.00 Lakhs, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ 10.00 Lakhs.)

ii. *Bid Uploading charges payable to the SCSBs on the portion of QIB and Non-Institutional Bidders (excluding UPI Bids) which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking and uploading would be: ₹ 10 per valid application (plus applicable taxes). In case the total processing charges payable under this head exceeds ₹ 10.00 Lakhs, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ 10.00 Lakhs.)*

The selling commission and bidding charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.

iii. *Selling commission/ uploading charges payable to the Registered Brokers on the portion for RIBs (up to ₹ 200,000) procured through UPI Mechanism and QIBs and Non-Institutional Bidders which are directly procured by the Registered Broker and submitted to SCSB for processing, would be as follows:*

*Portion for RIBs**	*₹ 10 per valid application (plus applicable taxes)*
*Portion for QIBs**	*₹ 10 per valid application (plus applicable taxes)*
Portion for Non-Institutional Bidders	*₹ 10 per valid application (plus applicable taxes)*

** Based on valid applications*

In case the total processing charges payable under this head exceeds ₹ 10.00 Lakhs, the amount payable would be proportionately distributed based on the number of valid applications such that the total processing charges payable does not exceed ₹ 10.00 Lakhs.

4. *Uploading charges/ Processing fees for applications made by RIBs (up to ₹ 200,000) and Non-Institutional Bidders (for an amount more than ₹ 200,000 and up to ₹ 500,000) using the UPI Mechanism would be as under:*

Members of the Syndicate / RTAs / CDPs (Uploading charges)	*₹ 10 per valid application (plus applicable taxes)*
Sponsor Bank (Processing fee)	*₹ [●] per valid application (plus applicable taxes)* *The Sponsor bank shall be responsible for making payments to the third parties such as remitter company, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws*

All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Bankers to the Issue Agreement.

The total uploading charges / processing fees payable to members of the Syndicate, RTAs, CDPs, Registered Brokers will be subject to a maximum cap of ₹ 10.00 Lakhs (plus applicable taxes). In case the total uploading charges/processing fees payable exceeds ₹ 10.00 Lakhs, then the amount payable to members of the Syndicate, RTAs, CDPs, Registered Brokers would be proportionately distributed based on the number of valid applications such that the total uploading charges / processing fees payable does not exceed ₹ 10.00 Lakhs.

Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings (opening on or after September 1, 2022) shall be

processed only after application monies are blocked in the company accounts of investors (all categories). Accordingly, Syndicate / Sub-Syndicate Member shall not be able to Bid Application Form above ₹ 5 lakhs and the same Bid Application Form need to be submitted to SCSB for Blocking of the Fund and uploading on the Exchange Bidding Platform. To identify bids submitted by Syndicate / Sub-Syndicate Member to SCSB a special Bid cum-application Form with a heading / watermark "Syndicate ASBA" may be used by Syndicate / Sub Syndicate Member along with SM Code & Broker Code mentioned on the Bid-cum Application Form to be eligible for Brokerage on allotment. However, such special Forms, if used for Retail Bids and NIB bids up to ₹ 5 lakhs will not be eligible for Brokerage.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

The Issue expenses shall be payable in accordance with the arrangements or agreements entered into by our Company with the respective Designated Intermediary.

MONITORING OF UTILIZATION OF FUNDS

In terms of Regulation 41 of the SEBI ICDR Regulations, our Company will appoint a monitoring agency for monitoring the utilization of the Net Proceeds. Our Audit Committee and the monitoring agency will monitor the utilization of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations.

Our Company will disclose the utilization of the Net Proceeds, including interim, use under a separate head in our balance sheet for such fiscals as required under applicable law, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable financials, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such unutilized Net Proceeds. Our Company will also indicate investments, if any, of the unutilized proceeds of the Issue in our balance sheet for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Hearing Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full.

The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our director's report, after placing the same before the Audit Committee.

VARIATIONS IN OBJECT

In accordance with Sections 13(8) and 27 of the Companies Act, our Company shall not vary the objects of the Issue unless our Company is authorized to do so by way of a special resolution of its Shareholders and such variation will be in accordance with the applicable laws including the

Companies Act and the SEBI ICDR Regulations. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act. Pursuant to Sections 13(8) and 27 of the Companies Act, our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act and the SEBI ICDR Regulations.

OTHER CONFIRMATIONS

No part of the Net Proceeds will be paid by us to the Promoters and Promoter Group, the Directors, Key Management Personnel or Group Company, except in the normal course of business and in compliance with the applicable law. Our Company has not entered into nor has planned to enter into any arrangement/ agreements with our Directors, our Key Managerial Personnel, Senior Management, our Group Company or our joint venture in relation to the utilization of the Net Proceeds of the Issue. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects of the Issue as set out above.

Further we confirm that the loans availed by us from our Promoters, Directors and any other body corporates shall continue as per their schedule till the completion of the Objects of the Issue.

BASIS FOR ISSUE PRICE

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

The financial data presented in this section are based on our Company's Restated Financial Information. Investors should also refer to the sections titled *"**Risk Factors**", "**Our Business**", "**Restated Financial Information**" and "**Management's Discussion and Analysis of Financial Position and Results of Operations**"* on pages 33, 189, 260 and 336 respectively, to get a more informed view before making the investment decision.

QUALITATIVE FACTORS

Some of the qualitative factors which form the basis for computing the Issue Price are:

(a) Promoters with strong leadership and supported by a highly experienced senior management.
(b) Long standing business relationships with leading clientele;
(c) Effective quality control checks;
(d) Consistent financial performance;
(e) Established Manufacturing facility;

For further details, see "***Our Business – Our Strengths***" on page 197.

QUANTITATIVE FACTORS

Some of the information presented in this section relating to our Company is derived from the Restated Financial Information. For details, see the chapter titled ***"Restated Financial Information"*** beginning on page 260.

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

I. Basic and Diluted Earnings per share ("EPS") as per the Restated Financial Information.

(Pre-Issue and as adjusted for changes in capital after last balance sheet date).

Financial Year	Basic EPS (₹)	Diluted EPS (₹)	Weights
March 31, 2023	7.34	7.34	3
March 31, 2022	2.41	2.41	2
March 31, 2021	0.56	0.56	1
Weighted Average EPS	**4.57**		
EPS for the period ended September 30, 2023	**4.39**		

Notes:

1. *Basic and diluted earnings/ (loss) per equity share: Basic and diluted earnings/ (loss) per equity share are computed in accordance with Indian Accounting Standard 33 notified under the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
2. *Basic Earnings per share = Net profit after tax excluding exceptional items before other comprehensive income attributable to equity shareholders for the year/Weighted average number of equity shares outstanding during the year.*

3. *Diluted Earnings per share = Net profit after tax excluding exceptional items before other comprehensive income attributable to equity shareholders for the year / Weighted average number of diluted equity shares outstanding during the year.*
4. *The weighted average basic and diluted EPS is a product of basic and diluted EPS and respective assigned weight, dividing the resultant by total aggregate weight i.e. (EPS x Weight) for each year/Total of weights.*
5. *Weighted Average Number of Equity Shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor.*
6. *The figures disclosed above are based on the Restated Financial Information of our Company.*

II. Price/Earning ("P/E") ratio in relation to Price Band of ₹ [●]/- to ₹ [●]/- per Equity Share:

Particulars	P/E at Floor Price (Number of Times)	P/E at Cap Price (Number of Times)
P/E based on Basic & Diluted EPS for FY 2022-23	[●]	[●]
P/E based on weighted average Basic & Diluted EPS	[●]	[●]

Industry Peer Group P/E ratio

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

III. Return on Net Worth ("RoNW")

As derived from the Restated Financial Information of our Company:

Financial Year	RoNW (%)	Weight
March 31, 2023	54.24%	3
March 31, 2022	41.48%	2
March 31, 2021	18.88%	1
Weighted Average RoNW	**44.09%**	
for the period ended September 30, 2023	**24.29%**	

Notes:

(1) Return on Net Worth (%) = Net Profit/(Loss) after tax before other comprehensive income (as restated) divided by net worth at the end of the year.

(2) Net worth has been computed as a sum of paid-up share capital and other equity excluding capital reserve on amalgamation.

(3) Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.

(4) The Weighted Average Return on Net Worth is a product of Return on Net Worth and respective assigned weight, dividing the resultant by total aggregate weight.

IV. Net Asset Value per Equity Share (Face Value of ₹ 10/- each)

Net Asset Value per Equity Share	NAV derived from Restated Financial Information (₹)
Net Asset Value per Equity Share as on March 31, 2023	13.54
Net Asset Value per Equity Share after the Issue – At Cap Price	[●]
Net Asset Value per Equity Share after the Issue – At Floor Price	[●]
Issue per Equity Share	[●]

Net Asset Value per Equity Share	NAV derived from Restated Financial Information (₹)
For the period ended September 30, 2023	18.08

Notes:

(1) Net Asset Value per Equity Share = Net worth at the end of the respective year by the weighted average number of equity shares outstanding as at the end of respective year.

(2) Net worth has been computed as a sum of paid-up share capital and other equity.

(3) Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

V. Comparison of Accounting Ratios with Listed Industry Peers

There are no listed companies in India that engage in a business similar to that of our Company. Accordingly, it is not possible to provide an industry comparison in relation to our Company.

The Issue Price is [●] times of the face value of the Equity Shares.

The Issue Price of ₹ [●] has been determined by our Company, in consultation with the BRLM, on the basis of assessment of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above-mentioned information along with chapters titled "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and sections titled "***Risk Factors***" and "***Restated Financial Information***" beginning on pages 189, 336, 33 and 260 respectively to have a more informed view.

The trading price of the Equity Shares could decline due to the factors mentioned in the section titled "***Risk Factors***" and you may lose all or part of your investments.

KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS ("KPIs")

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

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated **January 10, 2024** and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this DRHP. Further, the KPIs herein have been certified by M/s Keyur Shah & Co., Chartered Accountants, by their certificate dated **January 10, 2024**.

The KPIs of our Company have been disclosed in the sections **"*Our Business*"** and **"*Management's Discussion and Analysis of Financial Condition and Results of Operations*"** starting on pages **189** and **336**, respectively. We have described and defined the KPIs, as applicable, in **"*Definitions and Abbreviations*"** beginning on page **2**.

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

Explanation for KPI metrics

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
Growth in Revenue from Operations	Growth in Revenue from Operations provides information regarding the growth of our business for the respective year.
Gross Profit	Gross Profit provides information regarding the profits from manufacturing of products by the Company.
Gross Profit Margin	Gross Profit Margin is an indicator of the profitability on sale of products manufactured by the Company.
EBITDA	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.
Profit After Tax	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin	PAT Margin is an indicator of the overall profitability and financial performance of our business.
RoE	RoE provides how efficiently our Company generates profits from shareholders' funds.
RoCE	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Net Fixed Asset Turnover	Net Fixed Asset turnover ratio is indicator of the efficiency with which our Company is able to leverage its assets to generate revenue from operations.
Net Working Capital Days	Net working capital days indicates the working capital requirements of our Company in relation to revenue generated from operations.
Operating Cash Flows	Operating cash flows provides how efficiently our company generates cash through its core business activities.
Inventory Turnover Days	Inventory Turnover Days provides information regarding how many days a company turned over its inventory relative to its cost of goods sold (COGS).
Earnings per Share (Basic & Diluted)	Earnings per Share provides information regarding how efficiently our company generate earnings on each weighted average number of Equity Shares outstanding.
Operating Profit before Working Capital Changes	Operating Profit before Working Capital Changes provides information regarding how much cash profit generated by our company from his business operations.
Debt/EBITDA Ratio	Debt/EBITDA Ratio provides information regarding to the actual cash generated by our company to pay of his total debt.
NAV per Equity Share	NAV per Equity Share provides information regarding how much our company net assets value on each weighted average number of Equity Shares outstanding.
Net Worth	Net Worth represent value of our company.
Return on Net Worth	Return on Net Worth ratio is indicator of how efficiently our Company generates earnings from the Net Worth in the business.
Total Quantity Sold (in Units)	This metric indicates the volume of the goods sold by the company according to its various product offerings
Total Quantity Produced (in Units)	This metric indicates the quantity of the products produced by the company according to its various product offerings
Total number of customers served during the year	This metric indicates the total number of customers served by the company further divided into International and Domestic clients showing the diversification in the customer base
Total Number of Employees	This metric indicates the total number of Employees hired by the company categorized into employees on company's payroll, Trainees and contractual employees hired.

Financial KPIs of our Company

Particulars	For the Period ended on September 30, 2023 (Consolidated)*#	For the Year ended on March 31 (Standalone)#		
		2023	2022	2021
Revenue from Operations [1] (₹ in Lakhs)	16,064.24	24,748.08	15,611.46	7,582.42
Growth in Revenue from Operations [2] (%)	-	58.53%	105.89%	-
Gross Profit [3] (₹ in Lakhs)	4,047.06	6,379.84	2,633.25	1,235.76

Particulars	For the Period ended on September 30, 2023 (Consolidated)*#	For the Year ended on March 31 (Standalone)#		
		2023	2022	2021
Gross Profit Margin [4] (%)	25.19%	25.78%	16.87%	16.30%
EBITDA [5] (₹ in Lakhs)	2,914.20	4,931.75	1,693.56	542.58
EBITDA Margin [6] (%)	18.14%	19.93%	10.85%	7.16%
Profit After Tax [7] (₹ in Lakhs)	1,932.97	3,231.35	1,059.04	246.56
PAT Margin [8] (%)	12.03%	13.06%	6.78%	3.25%
RoE[9] (%)	27.78%	75.94%	54.88%	23.01%
RoCE [10] (%)	23.53%	50.46%	34.65%	15.75%
Net Fixed Asset Turnover [11] (In Times)	4.80	7.70	7.32	3.56
Net Working Capital Days [12]	70	65	36	14
Operating Cash Flows [13] (₹ in Lakhs)	-637.24	507.25	448.35	-133.11
Inventory Turnover Days [14]	98	76	38	26
Earnings per Share (Basic & Diluted) (adjusted after bonus)				
Basic [15]	4.39	7.34	2.41	0.56
Diluted [16]	4.39	7.34	2.41	0.56
Operating Profit before Working Capital Changes [17] (₹ in Lakhs)	3,116.29	5,136.99	1,874.51	651.34
Debt/EBITDA Ratio [18] (In Times)	1.55	0.74	1.31	3.07
NAV per Equity Share (Adjusted after bonus issue) [19]	18.08	13.54	5.80	2.97
Net Worth [20] (₹ in Lakhs)	7,957.08	5,957.01	2,553.15	1,306.02
Return on Net Worth [21] (%)	24.29%	54.24%	41.48%	18.88%

The Figure has been certified by our statutory auditors M/s. Keyur Shah & Co. Chartered Accountants vide their certificate dated January 10, 2024.

#The company has incurred a bonus issue of 3,96,00,000 equity shares having face value of ₹ 10/- each in the ratio of 9:1 i.e 9 equity shares for every 1 equity shares on February 23, 2023.

Notes:

** Not Annualized.*

(1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Information.

(2) Growth in Revenue from Operations (%) is calculated as a percentage of Revenue from Operations of the relevant period/year minus Revenue from Operations of the preceding period/year, divided by Revenue from Operations of the preceding period/year.

(3) Gross Profit is calculated as Revenue from Operations less Cost of Materials consumed, Purchase of Traded goods, Changes in inventories of finished goods and work-in-progress.

(4) Gross Profit Margin (%) is calculated as Gross Profit divided by Revenue from Operations.

(5) EBITDA is calculated as profit for the period/year, plus tax expenses (consisting of current tax, deferred tax and current taxes relating to earlier years), finance costs and depreciation and amortisation expenses, less other income.

(6) EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.

(7) Profit After Tax Means Profit for the year as appearing in the Restated Financial Information.

(8) PAT Margin (%) is calculated as Profit for the period/year as a percentage of Revenue from Operations.

(9) RoE (Return on Equity) (%) is calculated as net profit after tax for the period/year divided by Average Shareholder Equity.

(10) RoCE (Return on Capital Employed) (%) is calculated as earnings before interest and taxes divided by capital employed.

(11) Net Fixed Asset Turnover is calculated as Net Turnover divided by Fixed Assets which consists of property, plant and equipment and capital work-in-progress.

(12) Net Working Capital Days is calculated as working capital (current assets minus current liabilities) as at the end of the period/year divided by revenue from operations multiplied by number of days in a period/year.

(13) Operating cash flows means net cash generated from operating activities as mentioned in the Restated Financial Information.

(14) Inventory Turnover Days is calculated as average inventory as at the end of the period/year divided by cost of goods sold multiplied by number of days in the period/year

(15) Earnings per Share (Basic) is calculated as Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of Equity Shares outstanding during the period/year.

(16) Earnings per Share (Diluted) is calculated from Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of diluted Equity Shares outstanding during the period/year.
(17) Operating Profit before Working Capital Changes means cash generated before change of working capital adjustments.
(18) Debt/EBITDA Ratio is calculated as total Debts (includes Long term and short term borrowings) divided by EBITDA.
(19) NAV per Equity Share is calculated as Net Assets Value divided by No. of Equity Shares.
(20) Net Worth means Total Equity as mentioned in the Restated Financial Information.
(21) Return on Net Worth is calculated as profit after tax before exceptional items and other comprehensive income/ expenses divided by net worth.

Operational KPIs of the Company

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended on (Standalone)		
		March 31, 2023	March 31, 2022	March 31, 2021
Total Quantity Sold (in Units)				
Evaporator Coils	1,07,118	*1,13,182*	*1,07,564*	*61,919*
Condenser Coils	1,42,313	*2,74,890*	*2,25,063*	*1,28,768*
Headers/ Copper Parts	53,513	*96,630*	*14,977*	*8,597*
Sheet Metal Parts	*929*	*7,138*	*652*	*765*
Total Quantity Produced (In units)				
Evaporator Coils	1,26,328	*1,13,027*	*1,07,356*	*63,188*
Condenser Coils	*1,73,678*	*3,05,944*	*2,26,300*	*1,29,685*
Headers/ Copper Parts	*3,33,528*	*4,85,552*	*3,60,118*	*2,00,366*
Sheet Metal Parts	*3,01,157*	*4,22,214*	*3,34,090*	*1,93,546*
Total Number of Customers served during the period/year	***81***	***112***	***95***	***86***
- International Clients	*17*	*16*	*10*	*4*
- Domestic Clients	*64*	*96*	*85*	*82*
Total Number of Employees	***485***	***478***	***307***	***261***
- Permanent Employees	*162*	*124*	*92*	*94*
- Trainee	*26*	*32*	*38*	*33*
- Contractual Employees	*297*	*322*	*177*	*134*

**The Figure has been certified by our statutory auditors M/s. Keyur Shah & Co. Chartered Accountants vide their certificate dated January 10, 2024.*

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

There are no listed companies in India that engage in a business like that of our Company. Accordingly, it is not possible to provide a comparison of key performance indicators of the industry with our Company.

Weighted average cost of acquisition:

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

The details of issuance of Equity Shares or any convertible securities, during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted equity paid up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding Bonus Issue and employee stock options), in a single transaction or multiple transactions combined together over a span of rolling 30 days is as follows:

S. No.	Name of Allottees	Date of Allotment of Equity Shares	Number of Equity Shares Allotted	Nature of Allotment	Nature of Consideration	Issue Price (in ₹)	Total Consideration (in ₹)
1	Santosh Kumar Yadav	23.02.2023	1,82,70,000	Bonus Issue	Other than Cash	Nil	-
2	Anju Devi	23.02.2023	2,13,30,000	Bonus Issue	Other than Cash	Nil	-
3	Unlisted Assets Private Limited	21.10.2023	9,44,000	Private Placement	Cash	152.00/-	14,34,88,000
4	Lokesh Arora	21.10.2023	95,000	Private Placement	Cash	152.00/-	1,44,40,000
5	Alpana	21.10.2023	90,000	Private Placement	Cash	152.00/-	1,36,80,000
6	Gobind Rai Verma	21.10.2023	90,000	Private Placement	Cash	152.00/-	1,36,80,000
6	Raj Khanderia	21.10.2023	75,000	Private Placement	Cash	152.00/-	1,14,00,000
7	Satish Chand Yadav	21.10.2023	70,000	Private Placement	Cash	152.00/-	1,14,00,000
8	Ram Singh Meena	21.10.2023	70,000	Private Placement	Cash	152.00/-	1,14,00,000
9	Dinesh Kumar Goel	21.10.2023	70,000	Private Placement	Cash	152.00/-	1,14,00,000
10	Suryaprakash Yadav	21.10.2023	50,000	Private Placement	Cash	152.00/-	76,00,000
11	Pramesh Goyal	21.10.2023	45,000	Private Placement	Cash	152.00/-	68,40,000
12	Rajesh Goyal	21.10.2023	45,000	Private Placement	Cash	152.00/-	68,40,000
13	Lokesh Goyal	21.10.2023	45,000	Private Placement	Cash	152.00/-	68,40,000
14	Raunak Aggarwal	21.10.2023	40,000	Private Placement	Cash	152.00/-	60,80,000
15	Adheshwar Kant	21.10.2023	35,000	Private Placement	Cash	152.00/-	53,20,000
16	Basant Daultani	21.10.2023	35,000	Private Placement	Cash	152.00/-	53,20,000
17	Utkarsh Sharma	21.10.2023	32,000	Private Placement	Cash	152.00/-	48,64,000
18	Sarla Sharma	21.10.2023	32,000	Private Placement	Cash	152.00/-	48,64,000
19	Rampal Yadav	21.10.2023	30,000	Private Placement	Cash	152.00/-	45,60,000
20	Rachna Jain	21.10.2023	29,000	Private Placement	Cash	152.00/-	44,08,000
21	Muskan Aggarwal	21.10.2023	25,000	Private Placement	Cash	152.00/-	39,52,000
22	Darshan Parikh HUF	21.10.2023	25,000	Private Placement	Cash	152.00/-	38,00,000
23	Gajraj Singh	21.10.2023	23,000	Private Placement	Cash	152.00/-	34,96,000
24	Yash Vardhan Goel	21.10.2023	20,000	Private Placement	Cash	152.00/-	30,40,000
25	Promod Kumar Yadav	21.10.2023	16,500	Private Placement	Cash	152.00/-	25,08,000
26	Rajpal	21.10.2023	16,500	Private Placement	Cash	152.00/-	25,08,000
27	Abhishek Yadav	21.10.2023	16,500	Private Placement	Cash	152.00/-	25,08,000
28	Seema	21.10.2023	16,500	Private Placement	Cash	152.00/-	25,08,000
29	Promod Kumar Sultani and Sons HUF	21.10.2023	16,000	Private Placement	Cash	152.00/-	24,32,000
30	Shazad Kahn	21.10.2023	12,000	Private Placement	Cash	152.00/-	18,24,000
31	Sanjiv Kumar Sinha	21.10.2023	10,000	Private Placement	Cash	152.00/-	15,20,000
32	Anubha Dusad	21.10.2023	10,000	Private Placement	Cash	152.00/-	15,20,000
33	Sunil Kumar Yadav	21.10.2023	6,600	Private Placement	Cash	152.00/-	10,03,200
Total			**4,17,36,600**				**32,47,63,200**
Weighted average cost of acquisition (WACA)							**7.78/-**

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

There have been no secondary sale / acquisitions of Equity Shares or any convertible securities, where the promoters, members of the promoter group, selling shareholders, or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding Bonus Issue and employee stock options), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

c) Since there are no such transactions to report to under (a) and (b) other than mentioned above, therefore, information based on last 5 primary and secondary transactions (secondary transactions where Promoter / Promoter Group entities or Selling Shareholder or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction), not older than 3 years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions, is as below:

Secondary acquisition:

Except as disclosed below, there have been no secondary transactions by the Promoters, members of the Promoter Group, Selling Shareholder, or shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company are a party to the transaction, in the last three years preceding the date of this Draft Red Herring Prospectus:

Date of Transfer	Name of Transferor	Name of Transferee	No. of Securities	Nature of Securities	Face Value of Securities (₹)	Price per Security (₹)	Nature of Transaction	Nature of Consideration	Total Consideration (in ₹)
February 02, 2021	Raj Rani Yadav	Santosh Kumar Yadav	6,80,000	Equity Shares	10/-	13.26/-	Acquisition of Shares by way of Cash	Cash	90,17,738
February 02, 2021	Virender Yadav	Anju Devi	3,45,000	Equity Shares	10/-	13.26/-	Acquisition of Shares by way of Cash	Cash	45,75,176
March 09, 2023	Santosh Kumar Yadav	Vivek Chauhan	(10)	Equity Shares	10/-	100/-	Acquisition of Shares by way of Cash	Cash	1,000
March 09, 2023	Santosh Kumar Yadav	Yashpal Yadav	(10)	Equity Shares	10/-	100/-	Acquisition of Shares by way of Cash	Cash	1,000
March 09, 2023	Santosh Kumar Yadav	Komal Yadav	(10)	Equity Shares	10/-	100/-	Acquisition of Shares by way of Cash	Cash	1,000
March 09, 2023	Santosh Kumar Yadav	Manohar Lal	(10)	Equity Shares	10/-	100/-	Acquisition of Shares by way of Cash	Cash	1,000
March 11, 2023	Santosh Kumar Yadav	Basti Ram Yadav	(10)	Equity Shares	10/-	100/-	Acquisition of Shares by way of Cash	Cash	1,000
Total			**10,25,050**						**1,35,97,914**
Weighted average cost of acquisition (WACA)									**13.27/-**

d) Weighted average cost of acquisition, floor price and cap price:

Types of transactions	Weighted average cost of acquisition (₹ per Equity Share)	Floor price* (i.e.₹ [•])	Cap price* (i.e.₹ [•])
Weighted average cost of acquisition for last 18 months for primary / new issue of shares (equity / convertible securities), excluding shares issued under an employee stock option plan/employee stock option scheme and issuance of bonus shares, during the 18 months preceding the date of filing of this Red Herring Prospectus, where such issuance is equal to or more than five per cent of the fully diluted paid-up share capital of our	7.78/-	**[•]** times	**[•]** times

Types of transactions	Weighted average cost of acquisition (₹ per Equity Share)	Floor price* (i.e.₹ [•])	Cap price* (i.e.₹ [•])
Company (calculated based on the pre-offer capital before such transaction/s and excluding employee stock options), in a single transaction or multiple transactions combined together over a span of rolling 30 days			
Weighted average cost of acquisition for last 18 months for secondary sale / acquisition of shares equity / convertible securities), where promoters / promoter group entities or Selling Shareholder or shareholder(s) having the right to nominate director(s) in our Board are a party to the transaction (excluding gifts), during the 18 months preceding the date of filing of this Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days	NA^	**[•]** times	**[•]** times

Since there were no primary and secondary transactions of equity shares of our Company during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, which are equal to or more than 5% of the fully diluted paid-up share capital of our Company, the information has been disclosed for price per share of our Company based on the last five primary or secondary transactions where promoters /promoter group entities or Selling Shareholder or shareholder(s) having the right to nominate director(s) on our Board, are a party to the transaction, not older than three years prior to the date of filing of this Draft Red Herring Prospectus irrespective of the size of the transaction.

Types of Transactions	Weighted average cost of acquisition (₹ per equity share)	Floor price* (i.e., ₹ [•])	Cap price* (i.e., ₹ [•])
- Based on secondary transactions	13.27/-	[•] times	[•] times

Note:

^ There were no secondary sales / acquisition of shares of shares (equity/ convertible securities) transactions in last 18 months from the date of this Draft Red Herring Prospectus which are equal to or more than 5% of the fully diluted paid-up share capital of our Company.

** To be updated at Prospectus stage*

Explanation for Cap Price being [•] times of weighted average cost of acquisition of primary issuance price / secondary transaction price of Equity Shares along with our Company's key performance indicators and financial ratios for the Period ended on September 30, 2023, and the Financial Years 2023, 2022 and 2021.

[•]*

**To be included on finalisation of Price Band*

Explanation for Cap Price being [•] times of weighted average cost of acquisition of primary issuance price / secondary transaction price of Equity Shares in view of the external factors which may have influenced the pricing of the Issue.

[•]*

**To be included on finalisation of Price Band*

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors
KRN Heat Exchanger and Refrigeration Limited
Plot No. F-46,47,48,49 EPIP, RIICO Industrial Area, Neemrana,
Alwar – 301705, Rajasthan, India

Dear Sir,

Sub: ***Statement of Special Tax Benefits ('the statement') available to KRN Heat Exchanger and Refrigeration Limited (the "Company"), the shareholders of the Company and its material subsidiary being KRN HVAC Products Private Limited prepared to comply with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the 'SEBI ICDR Regulations').***

1. We, Keyur Shah & Company, Chartered Accountants, the Statutory Auditors of the Company, hereby report that the ***Enclosed Statement and its Annexure A*** is in connection with (i) the special tax benefits available to (i) the Company and, (ii) to the shareholders of the Company, under applicable tax laws presently in force in India including the Income Act, 1961 (**Act**), the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 and the applicable states' Goods and Services Tax Act, the Finance Act, 2023, the Foreign Trade Policy and Handbook of Procedures, Customs Act, 1962, State Industrial Incentive Policies and rules made under any of the aforementioned legislations.
   Several of these benefits are dependent on the Company or its shareholders and its material subsidiary KRN HVAC Products Private Limited fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company faces in the future, the Company may or may not choose, or be able, to fulfil.

2. The benefits discussed in the enclosed **Annexure A** cover only special tax benefits available to the Company and its shareholders and *its Material Subsidiaries* KRN HVAC Product Private Limited do not cover any general tax benefits available to the Company. Further, the benefits discussed in the enclosed statement are neither exhaustive nor conclusive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer/Issue. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement.

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

   a) The Company or its shareholders and *its Material Subsidiary* KRN HVAC Products Private Limited will continue to obtain these benefits in the future; or

   b) The conditions prescribed for availing of the benefits have been/would be met with.

4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and based on our understanding of the business activities and operations of the Company. We undertake to update you of any change in the

above-mentioned disclosures until the Equity Shares allotted, pursuant to the Issue, are listed and commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as an updated information until the Equity Shares commence trading on the Stock Exchanges, pursuant to the Issue.

5. This certificate is for information and for inclusion, in part or in full, in, the Draft red herring prospectus / Red herring prospectus and the prospectus to be filed in relation to the Issue **("collectively the "Issue Documents")** or any other Issue-related material, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisors to the Issue. We hereby consent to the submission and disclosure of this certificate as may be necessary to the SEBI, the ROC, the Stock Exchanges and any other regulatory or judicial authorities and, or, for any other litigation purposes and, or, for the records to be maintained by the Book Running Lead Managers, in accordance with applicable law.

Enclosed: - Statement of special tax benefits annexure.

Yours sincerely,

For Keyur Shah & Co.
Chartered Accountants
FRN: 141173W

Keyur Shah
Proprietor
Membership No: 153774
UDIN: 24153774BKBNRA2327

Place: Ahmedabad
Date:- 19th December, 2023

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND TO ITS SHAREHOLDERS OF THE COMPANY, ITS MATERIAL SUBSIDIARIES UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER DIRECT TAXATION

Outlined below are the special tax benefits available to KRN Heat Exchanger (the "**Company**") and its Shareholders and its Material Subsidiaries under the Income-tax Act, 1961 (the "**Act**") as amended by the Finance Act, 2023 applicable for Financial Year 2023-24 relevant to the Assessment Year 2024-25.

- **Lower corporate tax rate under section 115BAA**

Section 115BAA has been inserted in the Act w.e.f. FY 2019-20. It gives an option to domestic company to be governed by this section from a particular assessment year. If a company opts for section 115BAA of the Act, the company can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). However once opted for reduced rate of taxation under the said section, it cannot be subsequently withdrawn.

Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their 'book profits' under section 115JB of the Act. However, such a company will no longer be eligible to avail any specified exemptions / incentives under the Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available.

Further, it shall not be allowed to claim set-off of any brought forward losses arising to it on account of additional depreciation and other specified incentives.

As of now Company has not adopted lower corporate tax rate under section 115BAA

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SUBSIDIARY COMPANY UNDER DIRECT TAXATION

- **Lower corporate tax rate under section 115BAA**

Section 115BAA has been inserted in the Act w.e.f. FY 2019-20. It gives an option to domestic company to be governed by this section from a particular assessment year. If a company opts for section 115BAA of the Act, the company can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). However once opted for reduced rate of taxation under the said section, it cannot be subsequently withdrawn.

Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their 'book profits' under section 115JB of the Act. However, such a company will no longer be eligible to avail any specified exemptions / incentives under the Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available.

Further, it shall not be allowed to claim set-off of any brought forward losses arising to it on account of additional depreciation and other specified incentives.

As of now Company has not adopted lower corporate tax rate under section 115BAA

- **Lower corporate tax rate under section 115BAB**

Section 115BAB of Income Tax Act is a special provision for domestic companies engaged in manufacturing or producing any article or thing. Under this provision, such companies can opt for a lower tax rate of 15% (plus surcharge and cess) if they meet certain conditions. Some of the conditions are: the company should be set up and registered on or after October 1, 2019; the company should not claim any deduction or exemption under other sections of the Act; the company should not have any income from specified businesses; and the company should exercise this option before filing its return of income for the relevant assessment year.

Eligibility Criteria u/s 115BAB

- The company should be set up and registered on or after October 1, 2019, and begin manufacturing on or before March 31, 2024.
- The company should not be formed by splitting up or reconstructing an existing business, except in case of a business reorganization under section 33B.
- The company should not use any plant or machinery previously used for any purpose, except in the case of imported machinery or plant which has not been used in India before.
- The company should not use any building previously used as a hotel or a convention center, as defined in section 80-ID.
- The total income of the company should be computed without claiming any deduction under Chapter VI-A (except section 80JJAA & 80M) or section 10AA related to SEZ.
- The total income shall be computed without claiming deduction of additional depreciation U/s 32(1)(iia), deduction for Investment allowance U/s 32 AD, or deduction section 33AB Tea coffee rubber development a/c, or deduction U/s 33ABA Site restoration fund, deduction for expenditure made for scientific research under section 35, or deduction U/s 35CCD for Agriculture and skill development project,or deduction in respect of expenditure on specified business U/s 35AD
- The company should not claim any set-off of any loss and unabsorbed depreciation carried forward from any previous assessment year if such loss is allocated to any deduction under Chapter VI-A (except section 80JJAA) or section 10AA.
- The company should opt for this section by furnishing a prescribed form and the income return for the relevant assessment year. Once exercised, such an option cannot be withdrawn for subsequent assessment years.

As of now company has not furnished prescribed form to adopt taxation u/s 115BAB

Special direct tax benefits available to the Shareholders

There are no special direct tax benefits available to the shareholders

III. TAX BENEFITS AVAILABLE TO THE COMPANY & ITS SUBSIDIARY COMPANY UNDER INDIRECT TAXES

At present, the Company & its Subsidiary Company is not entitled to any special tax benefits under the Act.

Special indirect tax benefits available to the Shareholders

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

Notes:

1. There are no other special direct and indirect tax benefits that are available to the Company presently.

2. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

3. For direct tax benefits, this Annexure sets out only the special tax benefits available to the Company and the shareholders under the current Income-tax Act, 1961 i.e., the Act as amended by the Finance Act, 2023 applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25, presently in force in India.

4. This Annexure is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Issue.

5. Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is provided that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*The information contained in this section is derived from a report titled "**Industry Assessment: Indian Heat Exchanger Industry**" dated **September 04, 2023** ("**D&B Report**") prepared by **Dun and Bradstreet Information Services India Private Limited** ("**D&B**"), and exclusively commissioned and paid by our Company only for the purposes of the Issue and is available at https://krnheatexchanger.com/investors/ . Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information. Forecasts, estimates, predictions, and other forward-looking statements contained in the D&B Report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements. In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. See "**Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation**" on page 28.*

Global Macroeconomic Landscape

After a healthy rebound in 2021, the global economy witnessed a recessionary situation in 2022, as growth across the major countries moderated and inflation remains sticky at record-high levels in the face of aggressive monetary tightening around the world.

Real GDP growth	2021	2022	2023P	2024P
World	**6.0%**	**3.4%**	**2.8%**	**3.0%**
India	8.7%	6.8%	5.9%	6.3%
China	8.1%	3.0%	5.2%	4.5%
Japan	1.7%	1.1%	1.3%	1.0%
USA	5.7%	2.1%	1.6%	1.1%
UK	7.4%	4.0%	-0.3%	1.0%
EU	5.2%	3.5%	0.8%	1.4%

Source: International Monetary Fund, April 2023 Outlook

Uncertainty related to food and energy supply emerged as major risk to stable governance, debt sustainability and business continuity across developed and emerging markets. The three economic heavyweights - the US, China, and the EU - continue to grapple with a host of challenges. Consequently, even fundamentally strong, export-oriented developing markets faced weak growth in 2022.

The slowdown in economic growth has led central banks to rethink the monetary easing, which was the preferred tool during the previous global recession. Tightening labour markets, and strong demand pressure and high inflation is complicating the policy direction. Although a full-fledged

recession is yet to set in, there are clear indications of a global slowdown and businesses should remain vigilant and resilient.

Business, especially with cross border linkages should consider two key points. The timing and intensity of this economic slowdown is likely to differ as the US is on a much better footing than the EU; and some developing markets in Asia, the Middle East and Latin America will outperform the US in coming months. Secondly, businesses cannot rely on the kind of policy support that was forthcoming in the last two global recessions (2008 and 2020). With higher interest rates, government debt is now costlier, hence fiscal support, too, will likely be limited or targeted. Businesses must thus critically assess the implications of the slowdown on their operations, their subsidiaries, or suppliers.

The first month of 2023 was quite eventful - Croatia joined the Eurozone as its 20th member, Brazil witnessed a mini-insurrection, India overtook China as the world's most populous nation, and the US hit its debt ceiling.

Given where inflation levels are currently hovering (and the fact that core pricing pressures have not yet abated), more will have to be done to weather the storm. This is reflected in central bank commentaries. We expect central banks, including the US Fed, to continue hiking rates in the upcoming meetings, albeit at a slower pace. What businesses should know is that we are heading toward a synchronized global economic slowdown, and that they should prepare for a possible recession in developed markets. Further, the logic that a central-bank-engineered recession (if at all) should be mild, might hold true for the US, but in Europe, the course that the ongoing Russia-Ukraine war takes may continue to impact outcomes. Moreover, milder than usual weather has played an important role in easing pressure on energy prices in Europe.

India's Key Economic Indicator

India's economy is showing signs of resilience with GDP estimated to grow by approximately 7.2% in FY 2023. Although this translates into a moderation in demand (compared to FY 2022), the estimated GDP growth in FY 2023 represents a return to pre pandemic era growth path. Despite this moderation in growth, India continues to remain one of the fastest growing economies in the world.

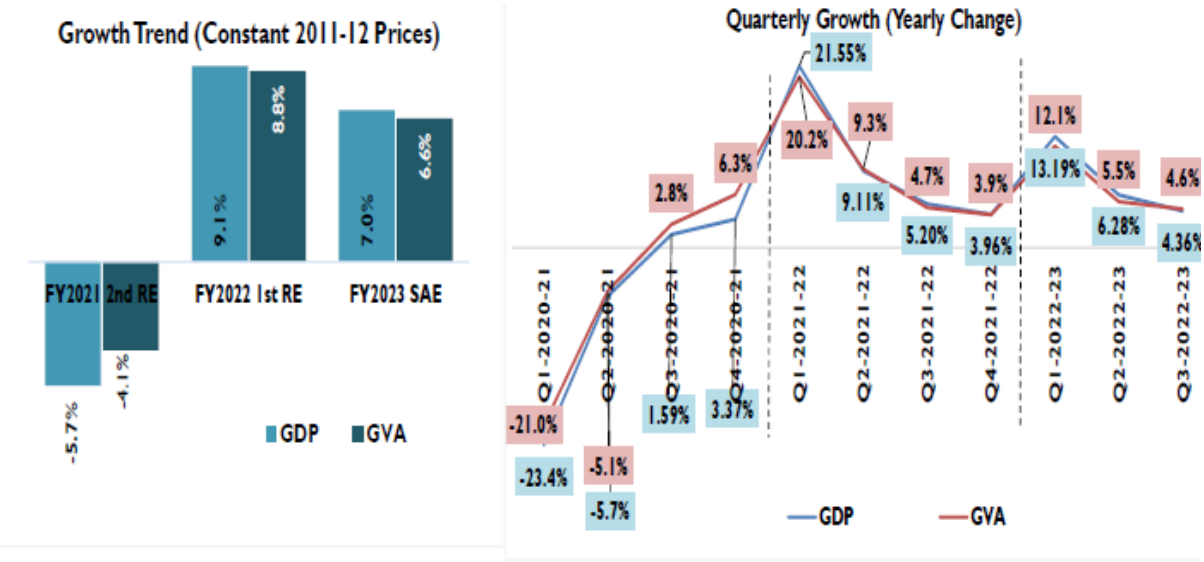
There are quite a few factors that is aiding India's economic recovery – notably its resilience to external shocks (ongoing Russia – Ukraine conflict) and rebound in private consumption. This rebound in private consumption is bringing back the focus on improvements in domestic demand, which together with revival in export demand is a precursor to higher industrial activity. Already the capacity utilization rates in Indian manufacturing sector are recovering as industries has stepped up their production volumes. As this momentum sustains, the increasing capacity utilization would lead to fresh round of capacity expansion plan. The universal vaccination program by the Government has played a big part in reinstating confidence among the population, in turn helping to revive private consumption.

Realizing the need to impart external stimuli, the Government stepped up its spending on infrastructure projects which in turn had a positive impact on economic growth. The capital expenditure of central government increased by nearly 64% during the first 8 months of FY 20231. This has provided the much-needed confidence to private sector, and in turn attracted private investment.

On the lending side, the financial health of major banks have witnessed an improvement which has helped in improving the credit supply. With capacity utilization improving, there would be demand for credit from corporate sector to fund the next round of expansion plans. Banking industry is well poised to address that demand. Underlining the improving credit scenario is the credit growth to micro, small and medium enterprise (MSME) sector which increased by nearly 31% in January –

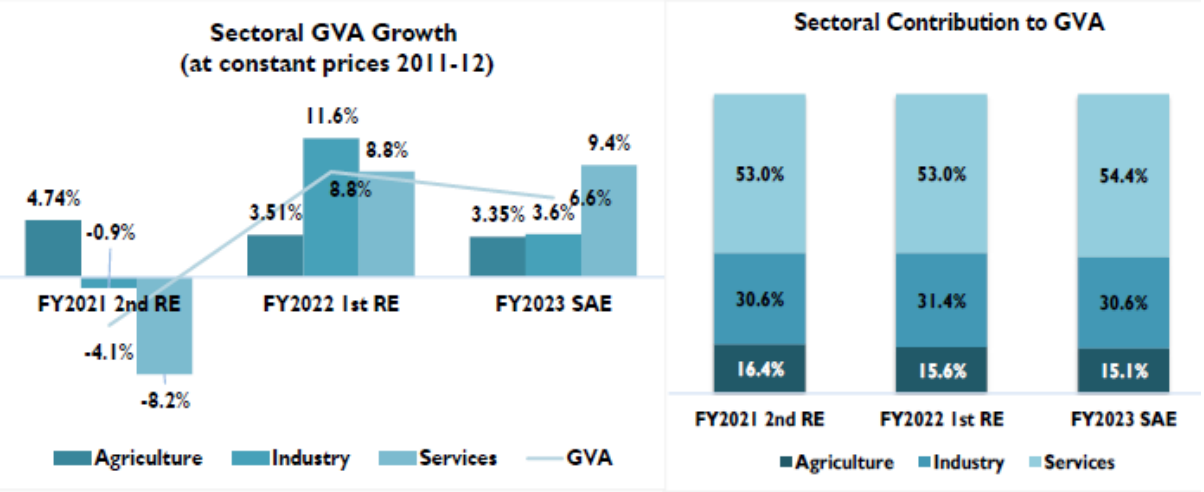
November 2022 period, compared to corresponding period previous year2. The extended Emergency Credit Linked Guarantee Scheme (ECLGS) by the Union Government has played a major role in improving this credit supply.

India's GDP in FY 2023 is expected to grow by 7% compared to 9.1% in the previous fiscal on the back of slowing domestic as well as external demand owing to series of interest rate hikes globally to tackle high inflation. The year-on-year moderation in growth rate is also partly due to a fading impact of pandemic-induced base effects which had contributed towards higher growth in FY 2022. On a quarterly basis, the country's growth moderated in Q2 and Q3 of FY 2023 which highlights the impact of slowing economy on the back of monetary tightening. During Q3 FY 2023, the country's GDP grew by 4.36% against 6.28% y-o-y increase in the corresponding quarter last fiscal.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

Sectoral analysis of GVA reveals growth tapered sharply in the industrial sector which is estimated to grow by just 3.6% against 11.6% in the previous fiscal. In the industrial sector, growth across major economic activity such as mining, manufacturing, construction sector slowed and it registered a growth of 3.38%, 0.56% and 9.12% in FY 2023 against a decline 7.07%, 11.05% and 14.82% in FY 2022, respectively.



Source: MOSPI

Sectoral analysis of GVA reveals growth tapered sharply in industrial sector which is estimated to grow by just 3.6% against 11.6% in the previous fiscal. In the industrial sector, growth across major economic activity such as mining, manufacturing, construction sector slowed and it registered a growth of 3.38%, 0.56% and 9.12% in FY 2023 against a decline 7.07%, 11.05% and 14.82% in FY 2022, respectively. Utilities sector too observed a marginal moderation in y-o-y growth to 9.15% against a decline of 3.6% in the previous years.

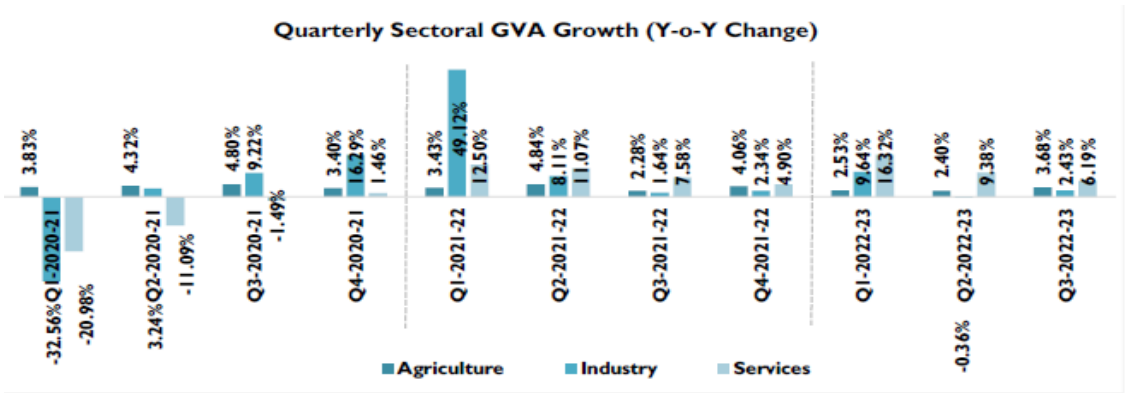
Talking about the services sectors performance, with major relaxation in covid restriction, progress on covid vaccination and living with virus attitude, business in service sector gradually returned to normalcy in FY 2022. Economic recovery was supported by the service sector as individual mobility returned to pre-pandemic level. The trade, hotel, transport, communication, and broadcasting segment continued to strengthen and grow by 14.18% in FY 2023 against 13.75% in the previous year and financial services, real estate and professional services sector recorded 6.85% y-o-y growth against 4.73%. However, overall service sector growth was curbed by moderation in public administration and defense services sector which recorded 7.12% yearly increase against 9.7% increase in the previous year.

Quarterly GVA Performance

Quarterly GVA number indicated sustained weakness in economic activity during Q3 FY 2023 with manufacturing activity being the worst hit segment amongst the industrial sectors. India's manufacturing sector shrank by 1.1% on-year in Q3 FY 2023, a second straight contraction highlighting the continuing weakness in consumer demand and exports. In Q2 FY 2023, manufacturing sector output was down by 3.57%. While quarterly growth in both agriculture and other sectors within industrial sector strengthened during Q3 FY 2023.

Agriculture sector GVA strengthen in Q3 FY 2023 to register 3.68% yearly growth compared to both corresponding quarter last year (2.28%) and previous quarter (2.4%) in FY 2022. Any growth between 3.5-4% in farm sector is considered above the long-term trend line. Construction sector witnessed 8.39% y-o-y growth in Q3 of FY 2023 against 5.85% y-o-y growth in the previous quarter, mining and quarrying sector, and Electricity, gas, water supply& other utility services sector registered 3.7% and 8.24% y-o-y growth against -0.4% and 5.96%, respectively.

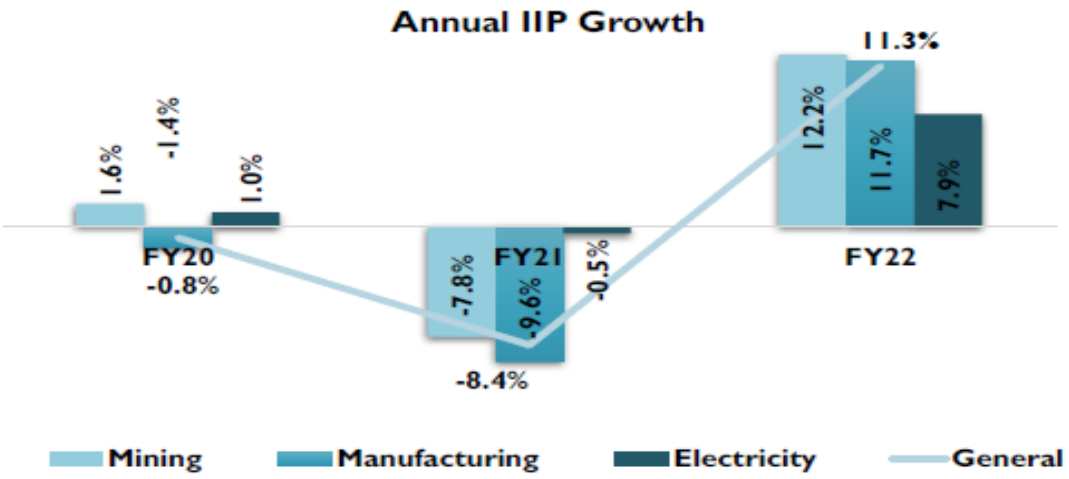
In Q3 FY 2022, yearly growth stood as 0.23%, 5.42% and 5.99% in construction, mining and quarrying and Electricity, gas, water supply& other utility services sector, respectively. Within service sector, quarterly growth moderated across all segments in Q3 FY 2023 against the previous quarter. Trade, hotel, transport, communication, and broadcasting segment observed 9.56% y-o-y growth in Q3 as compared to 15.64% growth in the last quarter. Other services sector broadly classified under Public Admin, Defence & Other Services and Financial, Real Estate & Professional Services too observed 1.99% and 5.79% growth in Q3 FY 2023 against 5.57% and 7.13% y-o-y change in Q2 FY 2023.



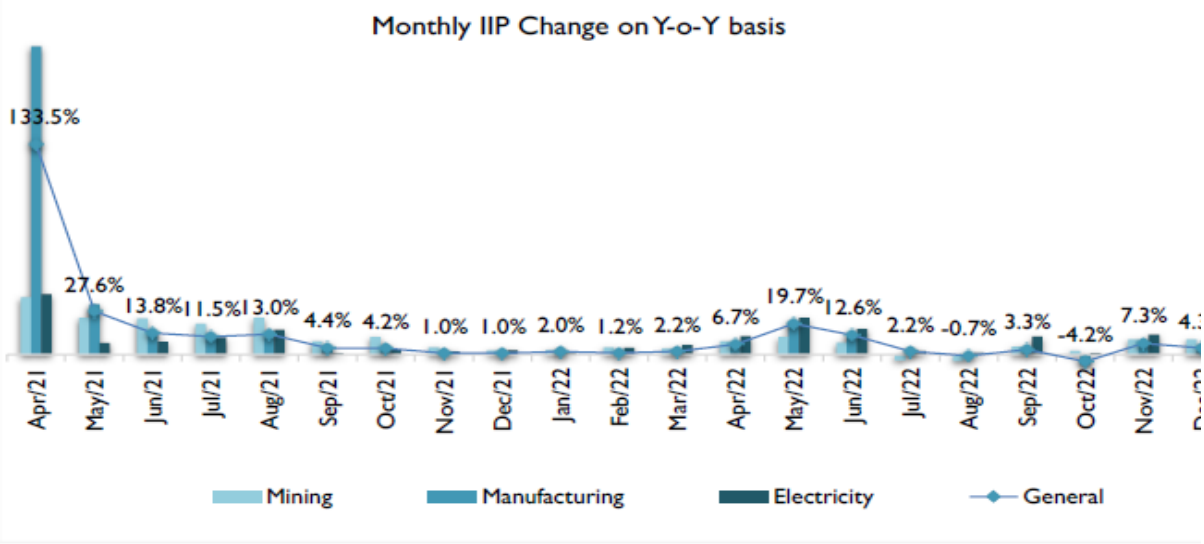
Source: MOSPI

Index of Industrial Production

After experiencing three years of deteriorating industry growth, the country's Index of Industrial Production (IIP) index registered 11.3% y-o-y growth where growth was evenly spread across all sub-segments. Manufacturing index, with 77.6% weightage in overall index, registered 11.7% y-o-y growth in FY 2022 while mining sector index registered the highest growth. On use-based classification basis, infrastructure/construction goods, capital good, intermediate good and consumer durable outperformed over the other sector and registered healthy double-digit growth.

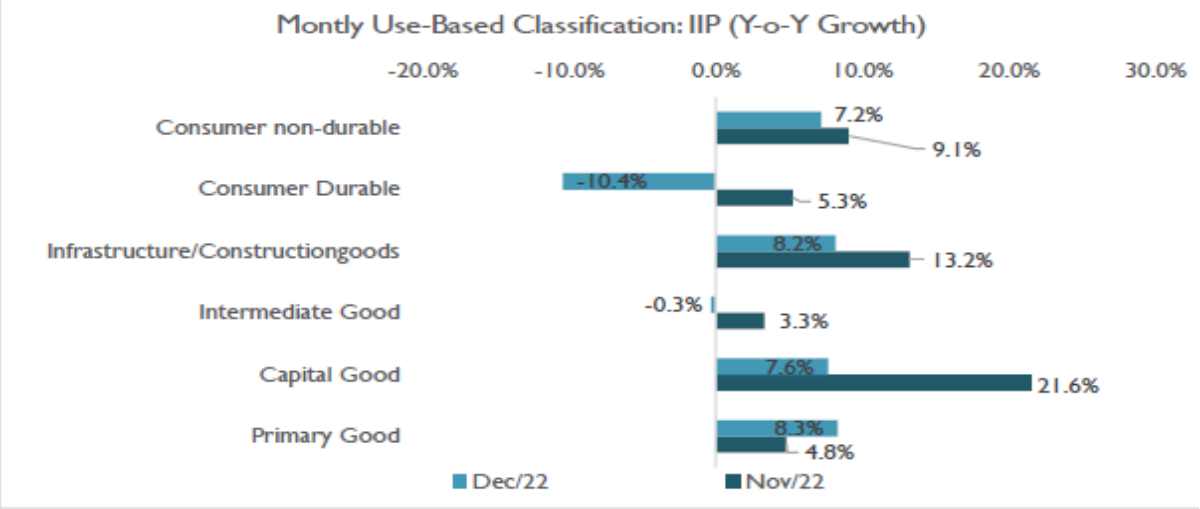


Source: MoSPI



Source: MoSPI

In the current year, IIP index which improved steadily between March to May moderated sharply in the subsequent three month and it measured lowest in October 2022 while it showed temporary improvement by growing at 7.3% in subsequent. However, IIP again moderated to register 4.3% y-o-y growth in December 2022. Manufacturing activity, which has 77.6% weightage in the overall index, grew by 2.6% in December 2022 while mining activity and electricity index grew by 9.8% and 10.4%, respectively. On y-o-y basis, monthly IIP growth in December 2022 was relatively higher compared to previous year due to low base effect where overall IIP was adversely affected by onset of third wave of pandemic. Low base effect and year end festive sale are likely to support IIP growth in the coming month. However, moderation in external demand and consequent decline in trade have potential to affect manufacturing sector output and put downward pressure on overall IIP growth.

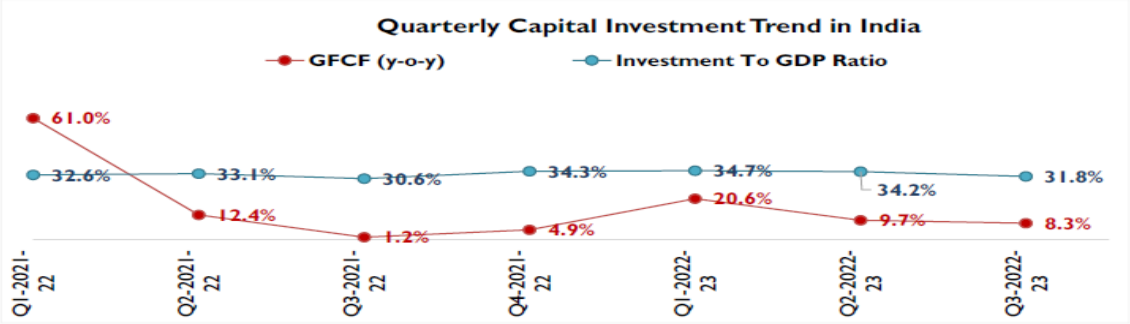


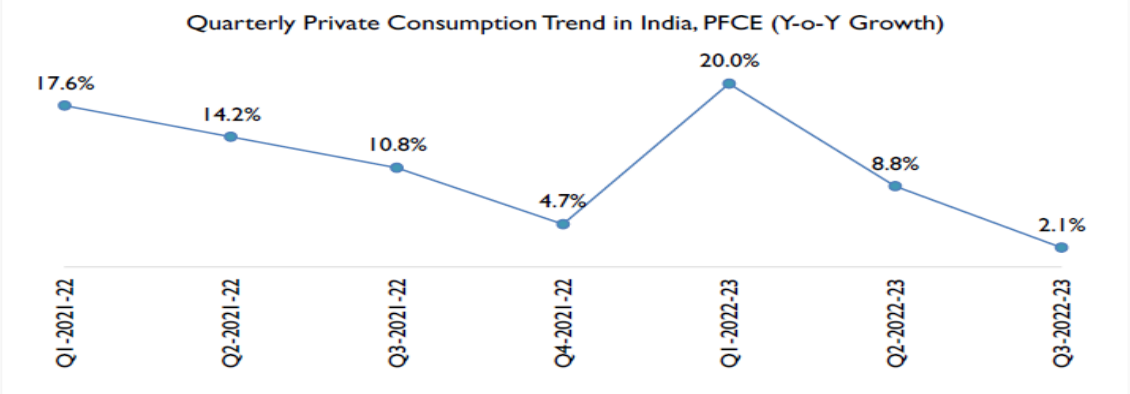
Sources: MOSPI

As per the use-based classification, growth in all segments excluding primary goods deteriorated in December 2022 against previous month. Consumer good and intermediate goods were worst hit segments. The Contracting IIP data points towards adverse operating business climate as global headwinds, high inflation, and monetary tightening started having adverse impact on manufacturing activity.

Investment & Consumption Scenario

Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, moderated during Q2 FY 2023 and Q3 FY 2023 while 8% y-o-y growth number was encouraging against 1.2% yearly growth in Q3 FY 2022. Despite the festive season demand and largely a covid-free economy, Private Final Consumption Expenditure (PFCE) a realistic proxy to gauge household spending, observed a continued moderation in Q3 FY 2023 where yearly growth softened to 2.1% which was nearly 7% lower compared to Q2 FY 2023.

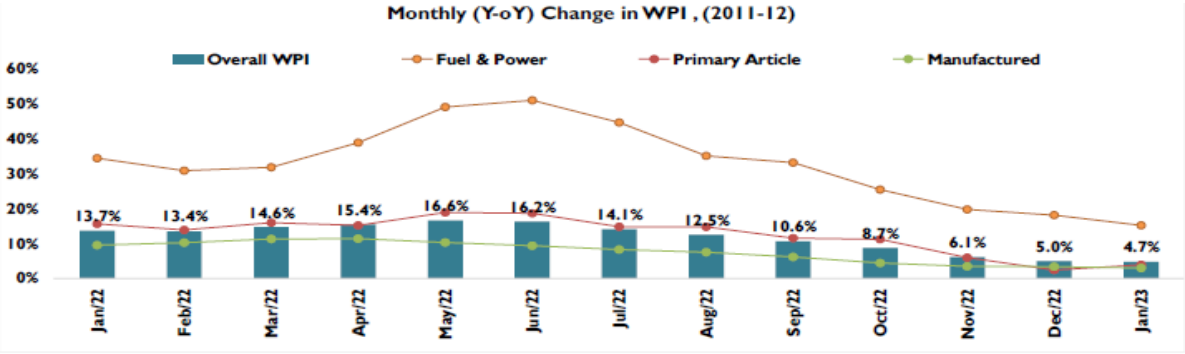




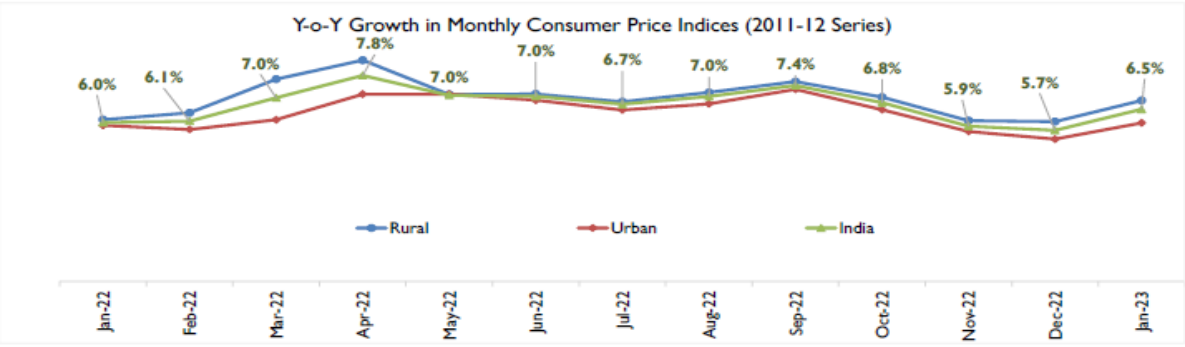
Sources: MOSPI

Inflation

India's inflation rate based on Wholesale Price Index (WPI) moderated to nearly 24 months low with 4.7% y-o-y change in January 2023 against 5% (y-o-y) increase in the December 2022. Softening prices of mineral oils, chemicals & chemical products, textiles, crude petroleum & natural gas, textiles, and food products contributed towards moderation in WPI inflation rate in January 2023. Separately, The Food Index which consisting of 'Food Articles' from Primary Articles group and 'Food Product' from Manufactured Products increased to 2.95% in January 2023 from 0.65% in December 2022.



Source: MOSPI, Office of Economic Advisor



Source: CMIE Economic Outlook

Retail inflation rate (as measured by Consumer Price Index) again jumped above 6% tolerance limit of the central bank in January 2023 after observing mild moderation in the previous two month. The overall CPI grew by 6.5% in January 2023 due to spike in food inflation and CPI food index grew by 5.9% during FY 2023 against 4.2% y-o-y growth in the previous month. Within food index, Cereals and product-led food inflation reached 16.1 per cent in January 2023 from 13.8 per cent in December 2022. As a part of anti-inflationary measure, the RBI has hiked the repo rate by 225 bps since May to current 6.25%, with latest fourth round hike announced on 8 Feb 2023. The Reserve Bank of India has estimated an average inflation rate of 6.5% for FY 2023. However, the headline inflation is expected to decline in the coming year, to an average of nearly 5.2% in FY 2024. This forecast is based on the easing of global commodity prices and some moderation in domestic demand.

Growth Outlook

Amidst the difficult and uncertain external economic environment, the Indian government has delivered a balanced Union Budget which focuses on achieving an inclusive and sustainable growth while adhering to the fiscal glide path. Notwithstanding the external risk, there is a sustained momentum in economic activity supported by domestic drivers. The consumer confidence survey by the Reserve bank of India points towards rising confidence of households both for the current situation as well as the future expectations (for a one-year period).

Rural demand is likely to be boosted by good prospects for agricultural output and discretionary spending is expected to support urban consumption supporting. Resilient domestic financial markets, sturdy growth in credit and the government's thrust on capital expenditure is expected to drive momentum in investment activity. Capacity utilization in the manufacturing sector has surpassed its long period average. Thus, the stance taken by the government to not only emphasize on the top-down approach to growth i.e focusing on substantial capital outlay, but also to place focus on the bottom of the pyramid by trying to unleash the potential of the primary sector in the Union Budget should support India's growth momentum in 2023.

Some of the key factors that would propel India's economic growth in the coming years

Government focus on infrastructure development

Infrastructure development has remained recurring theme in India's economic development. The launch of flagship policies like National Infrastructure Pipeline (NIP), and PM Gati Shakti plan have provided the coordination & collaboration that was lacking earlier. Both NIP and PM Gati Shakti are ambitious billion-dollar plans that aims to transform India's infrastructure, elevating it to the next level. These projects are expected to improve freight movement, debottleneck the logistics sector, and improve the industrial production landscape, which would provide the incremental growth in GDP. In its Union Budget FY 2023, the Government has increased the capital expenditure by 35% to nearly INR 7.5 lakh crore – which indicates the strong Government focus on improving the overall infrastructure landscape in India.

Development of Domestic Manufacturing Capability

The Government launched Production Linked Incentive (PLI) scheme in early 2020, initially aimed at improving domestic manufacturing capability in large scale electronic manufacturing and gradually extended to other sectors. At present it covers 14 sectors, ranging from medical devices to solar PV modules. The PLI scheme provides incentives to companies on incremental sales of products manufactured in India. This incentive structure is aimed to attracting private investment into setting up manufacturing units and thereby beef up the domestic production capabilities. The overall incentives earmarked for PLI scheme is estimated to be INR 2 lakh crore. If fully realizing the PLI scheme would have the ability to add nearly 4% to annual GDP growth, by way of incremental revenue generated from the newly formed manufacturing units.

Strong Domestic Demand

Domestic demand has traditionally been one of the strong drivers of Indian economy. After a brief lull caused by Covid-19 pandemic, the domestic demand is recovering. Consumer confidence surveys by Reserve Bank / other institutions are points to an improvement in consumer confidence index, which is a precursor of improving demand. India has a strong middle-class segment which has been the major driver of domestic demand. Factors like fast paced urbanization and improving income scenario in rural markets are expected to accelerate domestic demand further. This revival is perfectly captured by the private final consumption expenditure (PFCE) metric. PFCE as a percentage of GDP increased to nearly 59.2 during the first half of FY 20233, which is the highest level it has achieved during the past few years. Although pent-up demand has played a part in this surge, this is an indication of normalization of demand.

There are two factors that are driving this domestic demand: One the large pool of consumers and second the improvement in purchasing power.

- The share of middle class increased from nearly 14% in 2005 to nearly 30% in 2021 and is expected to cross 60% by 20474. This expanding middle class household segment is fuelling India's growth story and would continue to play a key role in propelling India's economic growth.

- As per National Statistics Office (NSO) India's per capita income (in current prices) stood at INR 1.72 lakhs in FY 2023 which is nearly double of what it was in FY 2015. This increase in per capita income has impacted the purchasing pattern as well as disposable spending pattern in the country. Consumer driven domestic demand is majorly fuelled by this growth in per capita income.

Digitization Reforms

Ongoing digitization reforms and the resultant efficiency gains accrued would be a key economic growth driver in India in the medium to long term. Development of digital platforms has helped in the seamless roll out of initiatives like UPI, Aadhaar based benefit transfer programs, and streamlining of GST collections. All of these have contributed to improving the economic output in the country. Some of the key factors that has supported the digitization reforms include – the growth in internet penetration in India together with drop in data tariffs, growth in smartphone penetration, favourable demographic pattern (with higher percentage of tech savy youth population) and India's strong IT sector which was leveraged to put in place the digital ecosystem. All these factors are expected to remain supportive, and continue to propel the digitization reforms in India.

Heat Exchanger

Product Profile

Heat exchangers transfer thermal energy from one fluid to another, while ensuring that the fluids do not mix. This process is facilitated by conduction, enabling the heat exchanger to heat or cool a substance. Heat exchangers provide a means of regulating temperature, enhancing efficiency, averting overheating, and mitigating other potential hazards, resulting in an improvement in safety standards. Heat exchangers are considered more efficient and reliable in operations wherein some parameters, like temperature differential, flow rate and installation guidelines, are evaluated successfully.

Being an efficient source of energy saving, heat exchangers find applications across a broad range of domestic and industrial applications such as steam power plants, chemical processing plants, food processing, HVAC systems, mining, pulp & paper, metallurgy etc. Heat exchangers typically are suitable for deployment in areas which have ample spaces such as industrial complexes, commercial space, hospitals, educational institutes etc. These systems are not generally preferred or feasible for smaller capacities, especially residential, as the economies of scale are difficult to overcome.

Types of Heat Exchanger

Shell and Tube Heat Exchangers

A shell and tube heat exchanger (STHE) is a heat exchanging device made up of a large cylindrical enclosure, or shell, that has bundles of perfectly spaced tubing compacted in its interior. Shell & tube products are generally used in applications that require transfer between two liquids, between liquids & gases or between two gases and a wide temperature and pressure range. Their properties of managing fluids at high temperature and pressure makes them suitable for various applications such as chemical and petrochemical plants, oil & gas and power sectors among others. These type of heat exchangers have a simple structure and are ideal for heat transfer from steam to water.

Three types of commonly used shell and tube heat exchangers are-

1. **Fixed Tube Sheet Heat Exchanger**
   In this type of exchanger, the tube sheet is welded to the shell. This leads to a simple and economical structure, and the cleaning of tube bores can be performed mechanically or chemically. However, the outer surface of the tubes is inaccessible other than chemical cleaning. Rear headers are usually of L, M, and N types.

2. **U- Tube Heat Exchanger**
   In a U-Tube exchanger, any type of front header may be used, and the rear header is typically M-Type. U-tubes allow unlimited thermal expansion. Also, the tube bundle can be eliminated for cleaning, and a small bundle to shell clearances can be obtained. Since it is difficult to clean inside the tubes with mechanical tools, it is normal to use this type only where the fluids on the tube side are clean.

3. **Floating Head Heat Exchanger**
   In the floating head exchanger, the tube sheet is not welded to the shell at the rear header end but is permitted to move or float. The tube sheet at the front header has a larger diameter than the shell and is sealed in a manner like that applied in the fixed tube sheet design. The tube sheet at the rear header end of the shell is somewhat smaller in diameter than the shell and allows the bundle to be drawn through the shell.

   The application of a floating head means that thermal expansion is allowed, and the tube bundle can be eliminated for cleaning purposes. Several types of rear headers can be utilized, but the S-Type Rear Head is the most common.

   The three flow types of shell and tube heat exchangers are parallel, counter, and cross. Due to design considerations and the applications of heat exchangers, it is rare that a heat exchanger be only one of these flow types, usually they are a combination of several flow types e.g. counter cross flow.

   - Parallel flow is when the shell and tube sides enter the heat exchanger at the same end and flow directly to the opposite end. The temperature change is the same for each fluid and increases or reduces by the same amount.
   - Counter flow is when the fluids are flowing in opposite directions, enter the heat exchanger at opposite ends, and discharge at opposite ends. The counter flow is the most popular and efficient type of heat exchanger.
   - In a crossflow shell and tube heat exchanger, the fluids flow perpendicular to each other at a 90-degree angle. One of the fluids in a cross-heat exchanger changes state (just as in a steam system condenser where cooling water absorbs the steam), then is absorbed by the fluid that has remained in its liquid state.

The operation of a shell and tube heat exchanger is based on the thermal exchange and flow of two different fluids. One fluid flow through the tubes while the other flows through the shell, which is divided into two sections: the shell side and the tube side.

The allocation of hot and cold fluids is a critical decision when working with a shell and tube heat exchanger. The shell side is designed to handle low-pressure fluids, while the tubes are intended for high-pressure fluids.

Shell and tube heat exchangers are used in various cooling applications and are particularly effective at cooling hydraulic fluid and oil in engines, transmissions, and hydraulic power packs. Additionally, with the appropriate choice of materials, they can be used to cool or heat other fluids, such as swimming pool water or charge air.

One of the key benefits of shell and tube heat exchangers is their ease of maintenance, particularly when a floating tube bundle is available. Due to the cylindrical design of the housing, they are capable of withstanding high pressure, making them suitable for a wide range of pressure applications.

Finned Tube Heat Exchanger / Fin and Tube Type Heat Exchanger

Finned tube heat exchanger has fins attached to the end of tubes. Such a construction increases the heat transfer area, which in turn helps in increasing the heat transfer rate. Typically, a dense liquid which is capable of transporting heat efficiently and a fluid with very little density (like gas or air) are used as heat transfer mediums. The flow pattern of fluids in this type of heat exchangers is primarily cross flow, with fluids travelling perpendicular to each other. Since air is one of the fluids used to transfer heat, finned tube heat exchanger is also called air cooled heat exchanger or air fin coolers.

Some of the advantages finned tube heat exchanger enjoys over other variants include increased heat transfer coefficient (due to higher heat transfer surface area), reduced equipment size, and compatibility with a range of materials (like copper, aluminium, carbon steel, stainless steel, and titanium).

A finned tube heat exchanger is used when air / gas is the preferred fluid used to heat up or cool down the working fluid. The presence of fins increases the overall surface area available for heat transfer. Because of this the total number of tubes required for a particular application can be lower which in turn reduces the equipment size. This enables creating heat exchanger of smaller size making it ideal for mobile refrigeration applications.

Some of the commonly used type of finned tube / air cooled heat exchanges:

1. **Forced Draft Air Cooled Heat Exchanger:** In this type, a mechanical draft fan is used to force air over the heat transfer surface of the exchanger. The fans are set below the tube bundles and push air across the tube surface. This design allows for better accessibility for maintenance and fan blade adjustment. As a result, it needs less structural support, it can have a longer mechanical life and it can lower the capital costs.

2. **Induced Draft Air-Cooled Heat Exchanger:** In this type, the air is drawn through the exchanger by an induced draft fan placed on the outlet side of the heat exchanger. Since the fans are located above the bundle, the air is pulled across the finned tube surface. This arrangement provides a more even distribution of air due to lower air velocity. Additionally, an induced draft air-cooled exchanger is less likely to recirculate exhaust air and is less susceptible to sudden temperature changes since only a portion of its surface is exposed to the elements.

3. **Natural Draft Air-Cooled Heat Exchanger:** This type of exchanger relies on the natural buoyancy of hot air to move it upwards, creating a natural draft to draw cooler air in at the bottom of the exchanger. However, there may be a chimney above the tube bundle that creates the draft that drives air through the tube bundle.

Plate Heat Exchangers (PHEs)

A Plate Heat Exchanger is a heating device that facilitates the transfer of heat between two fluids that are separated by a thin metal plate, and are typically used for liquid-liquid exchange at low to medium pressures. This method allows for a high rate of heat transfer in a compact space, making it useful for a variety of applications where space is at a premium. With their compact size, high heat transfer rates, and low maintenance requirements, plate heat exchangers are becoming increasingly popular in many industries., especially in the food industry as they have multiple plates inside the frame, reducing or eliminating microbial, thereby making the product safe for consumption.

There are 4 main types of PHEs-

1. **Gasketed plate heat exchangers** – These exchangers use high-quality gaskets and designs to seal plates together and prevent fluid from leaking out. Plates can easily be removed for cleaning, expansion, or replacing purposes.

2. **Brazed plate heat exchangers** – Brazed plate heat exchangers use a process called brazing to bond the plates together. This creates a more durable and compact heat exchanger that can withstand higher pressures and temperatures than Gasketed plate heat exchangers. Used in many industrial and refrigeration applications, these exchangers can be very efficient and compact. This tends to make them a highly economic choice. A stainless-steel plate with copper brazing can be highly resistant to corrosion.

3. **Welded plate heat exchangers** – These are very similar to gasketed heat exchangers but the difference is the Welded plates can be attached together. They are very durable and are ideal when it comes to transferring fluids with high temperatures or corrosive materials. Since the plates can be welded together, cleaning the plates isn't possible compared to cleaning plate heat exchangers.

4. **Semi-Welded plate heat exchangers** – These are a combination of welded and gasket plates. The two plates are welded together and gasketed to other pairs within the heat exchanger. This results in an easy to service heat exchanger and you're able to transfer more fluids throughout the system. Semi-Welded heat exchangers are great for transferring expensive materials due to their low risk of fluid loss.

The plates in a plate heat exchanger are typically made of metal, such as stainless steel or titanium, and are corrugated to increase the surface area available for heat transfer.

When the hot and cold fluids enter the plate heat exchanger, they flow through the alternating channels between the plates. As they flow through the channels, they exchange heat through the thin metal walls of the plates, without coming into direct contact with each other. This heat exchange process continues as the fluids flow through the channels and eventually exit the heat exchanger.

The flow of the hot and cold fluids in a plate heat exchanger can be arranged in different ways, depending on the application and performance requirements. The most common flow arrangement is counterflow, where the hot and cold fluids flow in opposite directions, which maximizes the temperature difference between the two fluids and provides the highest heat transfer rates.

In addition to this, the plate heat exchanger can also be designed with different types of channels to optimize the flow of the fluids. The most common types of channels are herringbone, chevron, and straight. Herringbone and chevron channels are designed to create turbulence in the fluid flow, which increases the heat transfer rate. Straight channels are designed for applications where low-pressure drop is important.

A plate heat exchanger comes with a compact design and offers a lower cost option wherever stainless steel is required. One of the biggest advantages of plate exchangers is the efficiency that accompanies their compact design. These heat exchangers are created with several corrugated plates on the frame of the equipment, essentially creating a design that uses the entire body during the heat transferring process.

Modern plate heat exchangers use pressed plates, which are less expensive than the welded plates and are also more resistant to corrosion and chemical reactions that weaken the product and hence require frequent maintenance or replacement.

Spiral Tube Heat Exchangers

Spiral tube heat exchangers have excellent heat exchanger properties because of far compact and high heat transfer efficiency. The heat transfer rate associated with a spiral tube is higher than that for a straight tube. Spiral tube heat exchangers consist of one or more spirally wound coils which are, in circular pattern, connected to header from which fluid is flowed. This spiral coil is installed in a shell another fluid is circulated around outside of the tube, leads to transfer the heat between the two fluids.

Spiral tube heat exchangers use single channel technology i.e. both fluids occupy a single channel, which allows fully counter-current flow. The working of this technology includes one fluid (hot fluid) entering the centre of the unit and flowing towards the periphery whereas the other fluid (cold fluid) enters the unit at the periphery and moves towards the centre. Spiral tube heat exchangers are generally used for pasteurization, heat recovery, digester heating, effluent cooling, and pre-heating.

Types of Materials Used

A wide range of metals is used in heat exchangers, depending upon the nature of the fluids handled. The type of metals used ranges from steel to rare metals like Zirconium. Some of the common materials used include carbon steel, stainless steel, aluminium, copper, and copper-nickel. The end use application of heat exchanger has a huge bearing on the type of material selected.

Type of Heat Exchanger	Common materials used
Shell & Tube	Carbon steel, stainless steel, brass, and titanium
Finned Tube/ Air cooled	Duplex stainless steel, carbon steel, aluminium, copper
Plate Heat Exchanger	Stainless steel, Titanium

Both copper and aluminum are commonly used as materials for fins in heat exchangers, and they offer various advantages.

Aluminium based Fins and Tubes	Copper based Fins and Tubes
High Thermal Conductivity: Aluminium has excellent thermal conductivity, making it an efficient material for heat transfer.	**Excellent Thermal Conductivity**: Copper has one of the highest thermal conductivities among metals, making it an ideal choice for heat transfer applications.
Lightweight: Aluminium is a lightweight material compared to alternatives such as copper or steel.	**Corrosion Resistance**: Copper exhibits excellent resistance to corrosion, particularly in non-acidic environments. This corrosion resistance helps protect the fins from degradation and extends the lifespan of the heat exchanger.
Cost Effective: Aluminium is relatively more cost effective than other materials like copper or stainless steel. The lower cost of aluminium fins can contribute to overall cost savings in heat exchanger manufacturing. Heat exchanger manufacturers save 20-25% on material costs.	**High Strength and Durability**: Copper is a strong and durable material, offering mechanical strength and structural integrity to withstand high operating pressures and stresses.
Corrosion Resistance: Aluminium has natural corrosion resistance, especially when exposed to air. This property helps protect the fins from oxidation and corrosion, extending the lifespan of the heat exchanger. No galvanic corrosion between fin and tube. Aluminium based tubes can be used in ammonia systems, while copper tubes are not recommended for such applications.	**Compatibility with Different Fluids**: Copper tubes are compatible with a wide range of fluids, allowing for versatile use in heat exchangers across various industries.

Aluminium based Fins and Tubes	Copper based Fins and Tubes
Recyclability: Aluminium is a highly recyclable material, making it environmentally friendly.	**Longevity and Low Maintenance**: Copper tubes have a long service life and require minimal maintenance Copper's corrosion resistance, durability, and mechanical strength contribute to the longevity of the heat exchanger, resulting in reduced downtime and maintenance costs.
	Formability and Ease of Fabrication: Copper is highly malleable and ductile, allowing for easy fabrication of fins with various shapes, sizes, and configurations.

Key Applications & End-Use Industries

Heat exchangers find applications in various industries where there is a requirement of transferring heat from one medium to another. Heat exchangers help to maintain the desired temperature, reduce energy consumption, and increase the efficiency of the overall process.

Different types of heat exchangers are used in different industries based on the application and requirements. The widespread use of heat exchangers in various sectors has made them an essential component of modern industrial processes.

Below are the key applications of heat exchangers across different end-use industries-

- **Chemical Processing:** Heat exchangers are used in the chemical processing industry to transfer heat between fluids in different stages of a chemical reaction. This can help to maintain temperature control and prevent unwanted reactions or changes in the properties of the fluid. In some cases, heat exchangers may also be used to recover energy from the chemical reaction.

- **Oil and Gas Industry:** Heat exchangers are used in the oil and gas industry for heating and cooling fluids during production, transportation, and processing operations. In this case scenario, heat exchangers may be used to heat crude oil to make it more viscous and easier to transport, or to cool gas after compression to reduce the risk of explosions.

- **Power Generation:** Heat exchangers are used in power generation systems, such as nuclear and fossil fuel power plants, to transfer heat from the working fluid to the environment. This helps to increase the efficiency of the power generation process. There are two types of heat exchangers commonly used in power generation systems: boilers, which produce steam by heating water, and condensers, which transfer heat from the steam to the environment.

- **HVAC Systems:** Heat exchangers are used in HVAC systems to transfer heat between the air being circulated and the fluid in the system. For example, in a heating system, the heat exchanger will transfer heat from the hot water or steam circulating in the system to the air in the building. In a cooling system, the heat exchanger will transfer heat from the air in the building to the refrigerant in the system.

- **Food and Beverage Processing:** Heat exchangers are used in the food and beverage industry for heating and cooling processes. For example, in pasteurization, heat exchangers are used to heat the product to a specific temperature and hold it there for a specific amount of time to kill bacteria and extend the shelf life of the product. In sterilization, heat exchangers are used to heat the product to a higher temperature to kill all microorganisms. In cooling, heat exchangers are used to rapidly cool the product to prevent spoilage.

- **Refrigeration:** Heat exchangers are used in refrigeration systems to transfer heat from the refrigerant to the surrounding environment. This is how refrigeration systems cool the space or

object being refrigerated. There are two types of heat exchangers commonly used in refrigeration evaporators, which absorb heat from the surrounding environment, and condensers, which release heat into the surrounding environment.

- **Aerospace and Defence:** Heat exchangers are used in aerospace and defence applications for a variety of purposes, such as in aircraft and spacecraft cooling systems, hydraulic systems, and fuel systems. In an aircraft cooling system, heat exchangers are used to transfer heat from the engine and other components to the surrounding air to prevent overheating. They are also used in spacecraft thermal control systems to regulate the temperature of the spacecraft and its equipment.

- **Automotive Industry:** Heat exchangers are used in the automotive industry for cooling the engine, transmission, and other vehicle components, as well as for heating and cooling the passenger compartment. They are used in components such as radiators, intercoolers, and oil coolers. In an engine cooling system, heat exchangers are used to transfer heat from the engine to the surrounding air or to the coolant in the system.

- **Renewable Energy:** Heat exchangers are used in renewable energy systems, such as solar thermal and geothermal systems, to transfer heat from the source to the working fluid. For example, in a solar thermal system, heat exchangers are used to transfer heat from the solar collector to the water or other fluid being heated. In a geothermal system, heat exchangers are used to transfer heat from the underground heat source to the fluid being circulated.

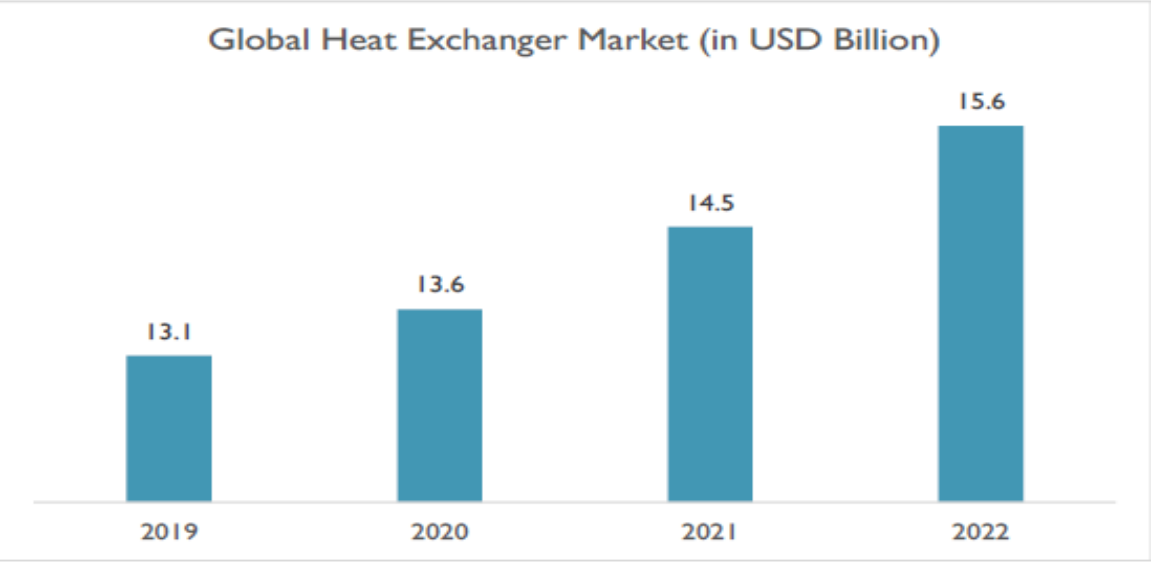
- **Pharmaceutical Industry:** Heat exchangers play a vital role in the pharmaceutical industry, where they are used for processes such as sterilization, evaporation, and crystallization. They are used in applications such as drug manufacturing, bioreactors, and vaccine production.

- **Industrial waste heat recovery:** Industrial waste heat recovery captures hot gases as they exit industrial equipment to use the heat energy. Some of these gases can be extremely hot and need specialist heat exchangers to handle them effectively. These gases can be corrosive.

Global Heat Exchanger Market

Global heat exchanger market is valued at USD 15.6 billion in 2022[5], with annual turnover in the industry increasing a CAGR of 6.2% between 2019 and 2022. Globally, the demand for heat exchanger is driven by two key factors – increasing demand for sustainable low energy consumption as well as cost-effective solutions to achieve the same.

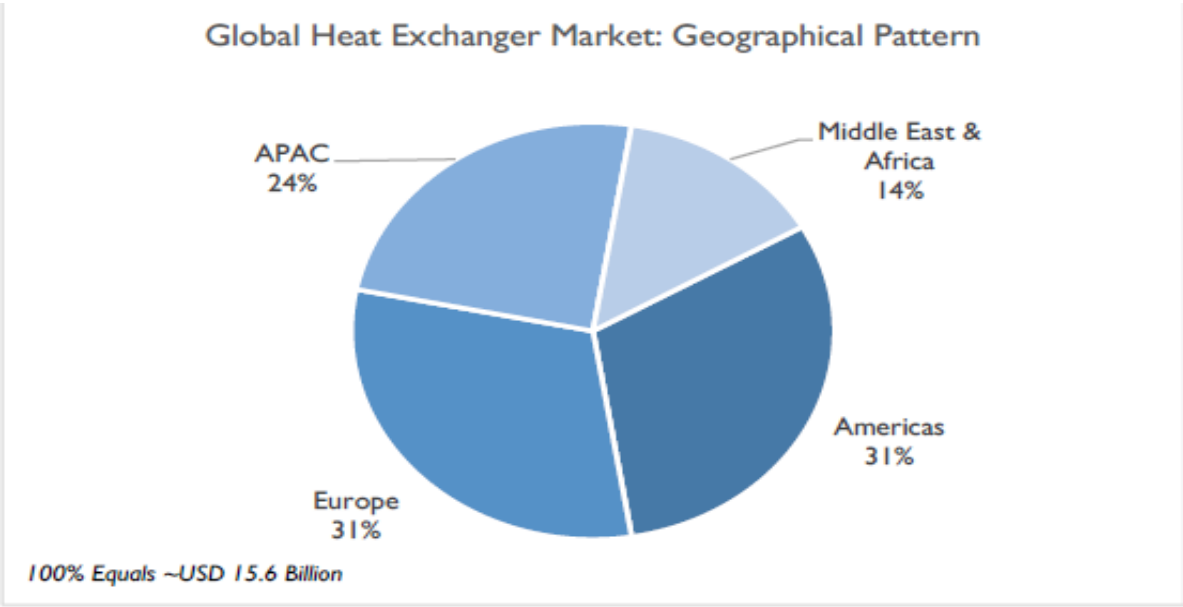
On the one hand, industries across the world are investing in technologies & processes that are designed to reduce costs and improve operational efficiency. This is seen as a precursor to the next stage of evolution of the industrial sector – namely Industry 4.0 which involves close integration with digital technologies. This development pathway has triggered innovations in products / hardware used as well as systems & processes. In the case of heat exchangers, the innovation is directed towards superior designs that would improve thermal efficiency which in turn will help in reducing energy cost as well as cut down their carbon footprint.



Primary Research, D&B Estimates

Traditionally North America and Europe were the two strongest market for heat exchangers, partly due to their strong industrial base and the pace of innovations in manufacturing space. However, the gradual shift in manufacturing & industrial activity from developed markets to developing economies like China and India is triggering a change in global heat exchanger market.

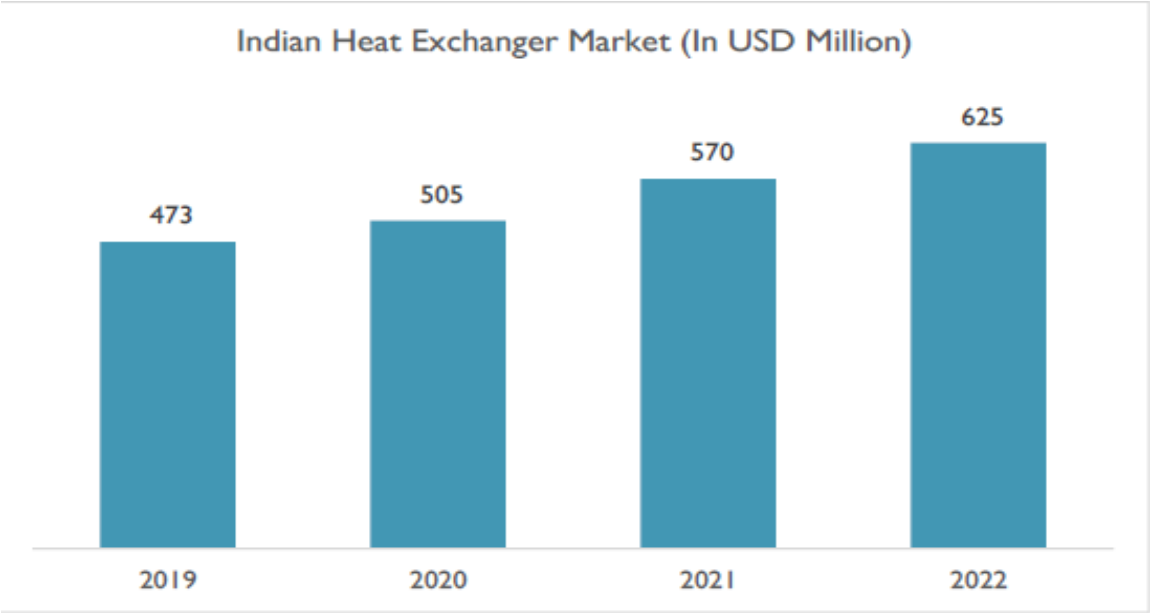
Large scale industrialization in China and India has transformed APAC into a key market for heat exchangers. Countries like China, India and Southeast Asian nations which have led to increased demand for energy and infrastructure development, thus driving the need for heat exchangers in various sectors such as power generation, oil and gas, and chemical processing. Further, the presence of a robust manufacturing base complementing expanding industrial sectors and supported by rising public and private investments in key industries have created a favourable market environment for heat exchangers in the Asia Pacific region This transformation has made APAC the fastest growing heat exchanger market. Between 2019 and 2022, the APAC heat exchanger market witnessed a compounded growth rate of 7%, higher than the growth that was registered in Americas and Europe.



Primary Research, D&B Estimates

Indian Heat Exchanger Industry

Indian market for heat exchanges reached USD 625 million per annum in 2022, with annual industry turnover increasing by a CAGR of 10% between 2019 and 2022. Heat exchanger industry too was impacted by the spread of Covid-19 pandemic, as annual revenue growth in the industry dropped to 6% in 2020. Demand has recovered in the subsequent years, helping the industry grew its revenue by an average of 11% per annum in 2021 and 2022.



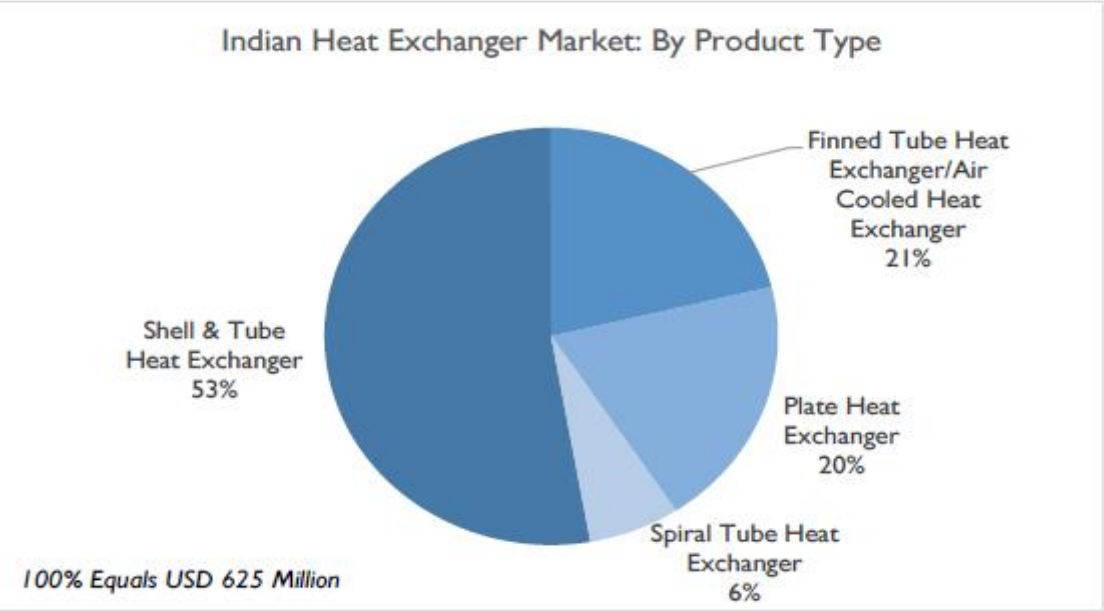
Insights from Primary Research

Rapid industrialization and urbanization, coupled with aggressive drive on infrastructure front have all accelerated the demand for heat exchangers. The strong annual growth in revenue is a result of these supporting factors. In addition, the ubiquitous nature of heat exchanger – which finds application across all major industry segments – have ensured that a general growth in industrial activity and positive economic sentiment translate into demand for the product.

Apart from these direct demand drivers, the increasing focus on efficient energy usage to contain carbon emissions is shaping up as an indirect demand driver. Heat exchangers with its ability to facilitate efficiency heat transfer helps in optimizing energy demand. Given the dominant role played by hydrocarbon energy sources, any optimization in energy demand will directly translate into lower carbon emissions. So, heat exchangers is expected to play a major part in India's sustainable development journey.

By Type of Heat Exchanger

Shell & tube heat exchanger, followed by finned tube heat exchanger are two of the largest product segments in Indian heat exchanger industry. In 2022, shell & tube heat exchanger accounted for nearly 53% of the total industry revenue while finned tube heat exchanger accounted for nearly 21%. Between 2019 and 2022, revenue growth in both these product segments has grown by a CAGR of approximately 10%.

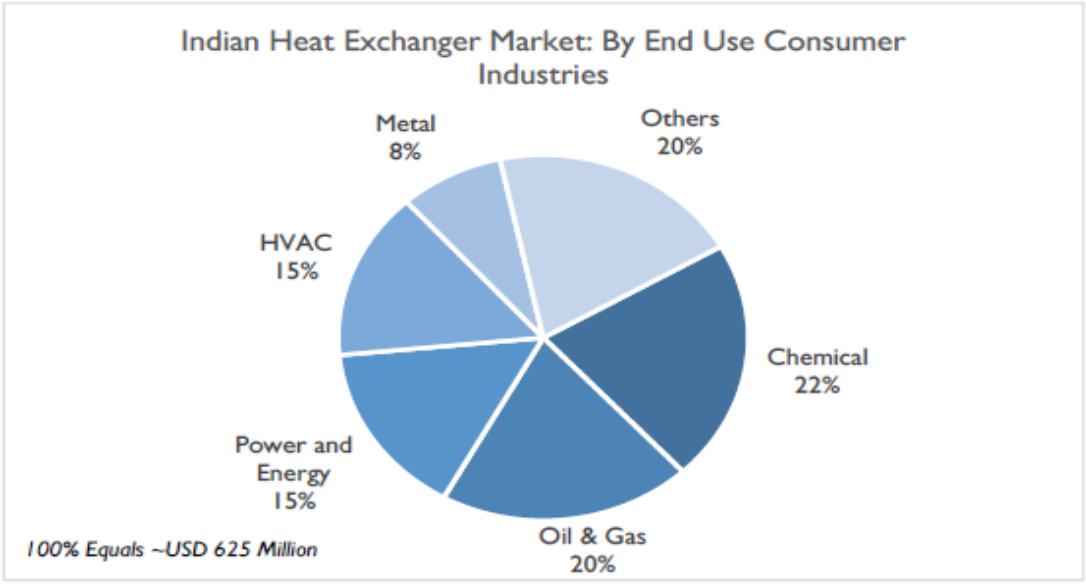


Insights from Primary Research

By End Use Industries

Chemical manufacturing and oil & gas industries are the two largest consumers of heat exchangers in India, with each accounting for nearly one fifth of total industry turnover in 2022. Other key end use consumers are power & energy, HVAC, and metallurgy. Together these five industries contributed to 80% of the heat exchanger industry revenue in 2022.

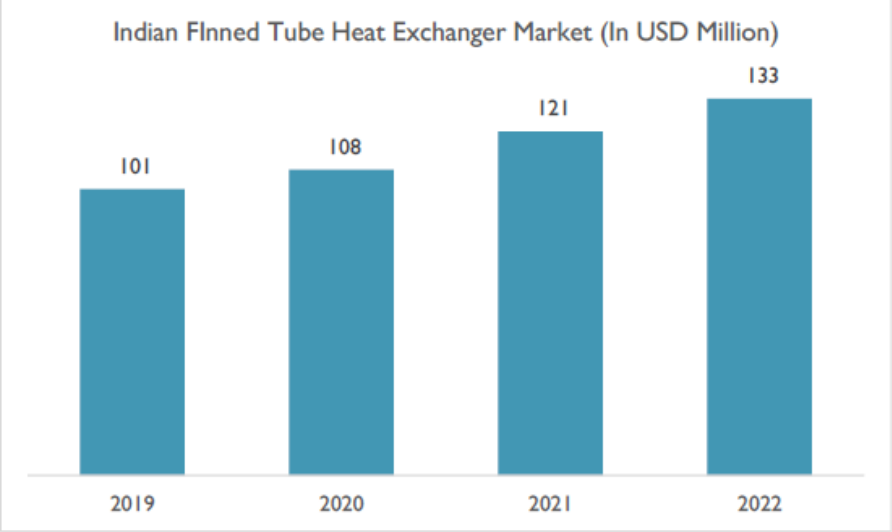
High demand for heat exchangers within the chemical industry as chemical industry frequently involves processes that necessitate precise temperature control, efficient cooling, and heat transfer Therefore, heat exchangers play a crucial role in facilitating these operations. In addition, after COVID 19 chemical and pharmaceutical industry expanded significantly which in turn have helped generate demand for heat exchangers.



Primary Research, D&B Estimates, Others – food & beverage and paper & pulp are the notable inclusions

Finned Tube Heat Exchanger

Finned tube heat exchanger is the second largest product segment in the Indian heat exchanger market, accounting for nearly one fifth of the overall industry revenue. In 2022, finned tube heat exchanger segment realized an annual revenue of USD 133 million, increasing by a CAGR of nearly 10% between 2019 and 2022. The increasing demand for energy efficient cooling applications is one of the key factors that is driving the demand for finned tube heat exchanger. Moreover, the compact nature of finned tube heat exchanger is also an added advantage – because of the lower space requirement and lower cost, when compared to other product types.



Insights from Primary Research

Copper finned tubes are the preferred material used in finned tube heat exchangers that are used for heat exchanger applications like condensers, evaporators, chillers, oil coolers etc – mainly for all kind of cooling & heating applications. The preference for copper material is because of its superior heat transfer rate, resulting in faster cooling.

Heating, Ventilation, air conditioning (HVAC) and refrigeration are the key end use applications that are driving the demand for finned tube heat exchangers in Indian market. In refrigeration applications, heat exchangers are used as condensers or evaporators, with finned tube and plate heat exchangers finding usage. Finned tube heat exchangers are the most used heat exchangers in HVAC systems, where it is used to exchange heat between air and the refrigerant / coolant. In addition, shell & tube type heat exchangers and tube-in-tube heat exchangers also find application in HVAC segment.

Heat Exchanger Usage in HVAC Systems

Heat exchangers are an integral part of the refrigeration cycle in a HVAC system. Heat exchangers, being a cold source of the central refrigeration system, can be used on the heat condenser cycle or in the evaporation refrigeration cycle. Typically, a refrigerant system comprises of one compressor, one condenser, one expansion valve and one evaporator: wherein the condenser and evaporator both act as heat exchangers. In the evaporator the refrigerant absorbs the heat of the water, so that it remains chilled. On the other hand, in the condenser the refrigerant rejects that heat and the compressor heat to other media which is usually air or water.

The efficiency of the whole system can be increased by integrating heat exchangers with other refrigeration equipment. For example, reducing energy consumption of condensers by feeding the condensers with refrigerating fluids and gasses reduced in temperature.

Applications of heat exchangers for refrigeration can be found across diverse sectors wherever cooling or heating of different mediums such as water, coolant, gases and ammonia is required. For example, in the food industry heat exchangers are generally used for preserving the quality and for sanitizing processes. They are used to heat water to sterilize food or increase their temperature to decontaminate them or improve the longevity by quick freezing process. In the metallurgical industry, heat exchangers are used for optimizing the processes related to change in water temperature as it is used to cool the water metal molds and presses which release high levels of heat.

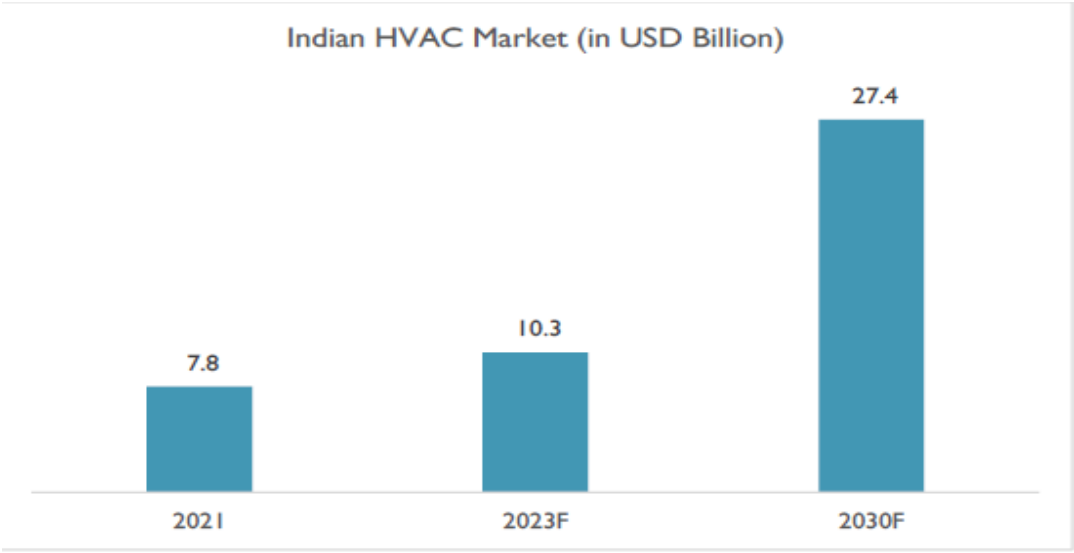
The Indian refrigeration equipment market is undergoing rapid development on the back of increasing household income, lower penetration, rapid urbanization and gradual shift towards nuclear families among others. It is further supported by introduction of innovative models and easy availability of consumer financing for home appliances. Advanced technology related to frost free, inverters, energy saving capabilities etc. is playing an important role in the purchasing decision of the consumer. Presence of well-established domestic and international players have led to intense competition leading to a wide range of options for the consumer. Further, the convenience of buying has become easier with heavy discounts and festive offers on e-commerce platforms

Demand from HVAC Segment

In HVAC segment, heat exchangers are used for heating, cooling, heat recovery, dehumidification, and moisture control. The focus on creating energy efficient buildings and systems has magnified the importance of heat exchangers in a HVAC system, as deploying of heat exchangers is one of the preferred techniques to reduce energy usage as well as cut back on greenhouse gas emissions. Thus, heat exchanger finds application across HVAC industry, from residential HVAC systems to large scale industrial HVAC systems.

Indian HVAC Market

Indian HVAC market generated an annual turnover of approximately USD 7.8 billion in 2021, and it is expected to grow by a CAGR of 15% till 2030 to reach USD 27.4 billion. Traditionally, commercial, and industrial applications used to lead the HVAC industry in the country. However, beginning 2000 the usage of HVAC system in residential segment, and mobile / transport application has started becoming mainstream. Substantial increase in income levels and aspirational changes drove HVAC demand in residential / retail consumer segment. Meanwhile in traditional industrial and commercial segments, the rapid expansion in office space as well as industrialization ensured the demand for HVAC remain strong.



Insights from Primary Research, F - Forecast

The HVAC market in India experienced a shift towards energy-efficient systems, driven by rising energy costs and environmental concerns. The government's initiatives to promote energy efficiency, such as the Energy Conservation Building Code (ECBC) and the Standards and Labelling (S&L) program, played a crucial role in driving the adoption of energy-efficient HVAC systems.

Additionally, there is a growing awareness of indoor air quality and the need for improved ventilation and air purification, leading to increased demand for HVAC systems that can address these concerns. The industry is witnessing a shift towards technologically advanced HVAC solutions, including smart controls, remote monitoring, and energy management systems, providing enhanced comfort and energy efficiency.

The sectors that employ HVAC systems most in India include commercial buildings, hospitals, hospitality (hotels and restaurants), retail spaces, educational institutions, and industrial facilities. These sectors require efficient HVAC systems to maintain comfortable and healthy indoor environments for occupants.

The Indian government's focus on infrastructure development, smart cities, and sustainable building practices further boosts the demand for HVAC systems. Initiatives like Make in India, promoting domestic manufacturing, have also contributed to the growth of the HVAC industry by encouraging local production and reducing dependency on imports.

Emerging Trends In Indian HVAC Industry & Impact On Heat Exchangers

Sustainable development, and efforts to cut down carbon footprint are two of the key factors that are reshaping the overall industrial landscape in India. HVAC industry is also adopting technologies and processes to reduce its carbon footprint. Geothermal heat pumps, and smart thermostats are two of the technologies that is gaining traction as the HVAC industry makes the transition. The HVAC industry is expected to see large scale investments to upgrade its technology. This investment in new technologies highlights the industry's commitment to improving energy efficiency and sustainability.

With rising energy costs and increasing environmental concerns, there is a growing demand for HVAC systems that consume less energy while providing optimal performance. The adoption of advanced technologies such as smart controls, IoT integration, energy management systems, and improved insulation materials will drive the industry further towards greater efficiency and reduced carbon footprint.

Demand For HVAC System From Building Segment

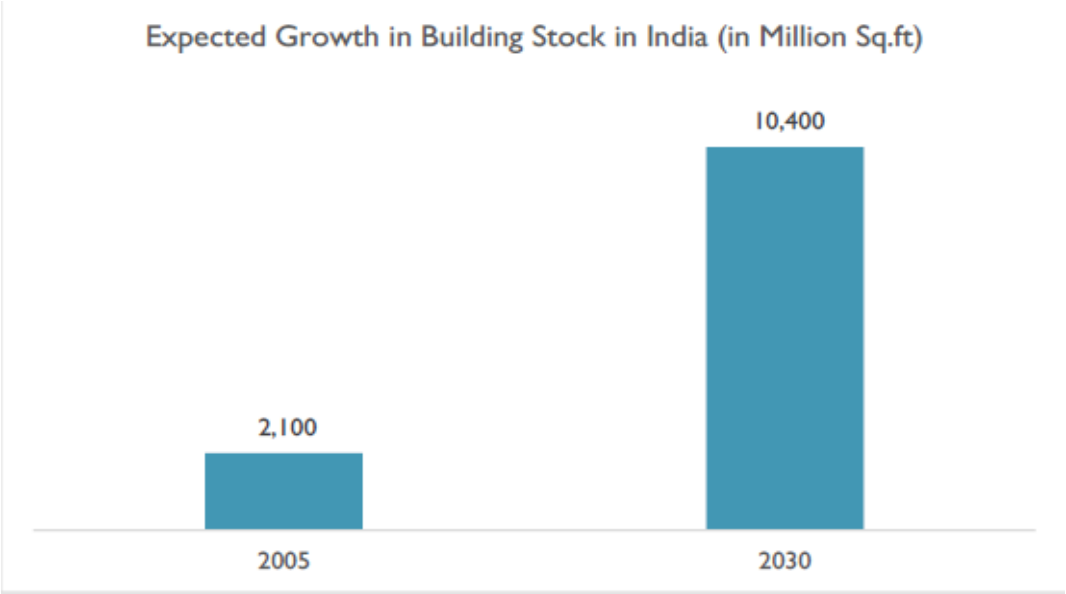
Building sector is the key demand driver for HVAC systems, with adoption level spread across residential, commercials, industrial and infrastructure sub sectors. Apart from ensuring comfortable conditions, HVAC usage is also gaining traction because of the need to improve energy efficiency. Thus, a growth in building stock - backed by regular addition of new building - plays a direct role in promoting the demand for HVAC system. At present buildings account for approximately 20% of energy usage in India, with the share as high as 31% in commercial buildings. With Indian Government promoting efficient energy usage, the need for installing HVAC system that optimise energy usage has become important now. Against this rising demand, the current penetration of HVAC system in Indian building sector is less than 5%.

Such a low penetration of HVAC system in Indian building segment, along with pressing need to optimize energy usage in building sector points towards an aggressive growth in HVAC adoption in the coming years. It is this scenario that has promoted many industry players and associations to paint an optimistic growth forecast - with several stakeholders predicting a compounded growth rate in the range of anywhere between 15 to 30% during this decade. This optimistic demand scenario bodes

well for finned tube heat exchanger, which is the most prominent heat exchanger used by the HVAC industry.

Growth In Building Stock In India:

The total building stock in India (residential & commercial) which stood at nearly 2,100 million square meters in 2005 is expected to reach approximately 10,400 million square meters by 2030, increasing by a CAGR of 6.6%[6]. This growth in overall building stock is expected to translate into higher demand for HVAC. The demand will be driven not only by the growth in volume of building stock, but by the increasing need for developing energy efficient buildings. This growth in building stock would be driven by aggressive growth in office space (commercial segment), and residential segment.



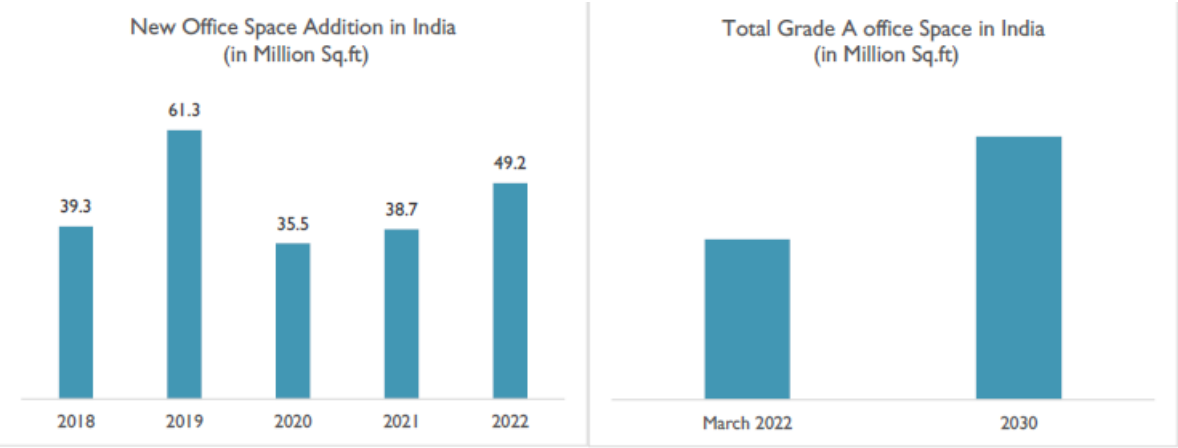
Although both these segments would drive the growth in building stock, the commensurate demand for HVAC will be mostly come from commercial segment. This is because, energy usage for heating & cooling application accounts for nearly 30% of energy usage in commercial building while it is less than 10% in the case of residential building. As a result, the need for superior HVAC system to improve energy efficiency would be higher in commercial real estate sector.

Indian Commercial Real Estate: Current Scenario & Growth Prospect

Indian commercial real estate space is dominated by office space, and absorption of office space sets the tone for demand in Indian commercial real estate market. HVAC system is an integral part of modern office space, and any expansion in office space (in terms of new addition) will create a direct demand for HVAC systems.

It is estimated that HVAC systems account for nearly 30% of energy consumed by a commercial building. Given the ongoing focus on optimizing energy usage & reducing carbon footprint, there is an increasing demand from the commercial real estate segment for superior HVAC systems.

Approximately 49.4 million of office space was added across top 8 cities in India in 2022 alone, increasing by nearly 27% over previous year. After a steep decline in new capacity addition in 2020 – owing to pandemic induced disruptions – the construction activity in commercial real estate segment almost normalized in 2022. As Corporate sector is slowly moving from work from home to hybrid to normal office based working style, the demand for office space is picking up. Apart from returning workforce, the growth in economic activity and positive growth forecast has surged the demand for innovative office spaces. According to JLL, Grade A office space[7] in India is expected to reach 1.2 billion square feet by 2030, up from nearly 732 million square feet in 2022.



Industry Sources (Knight Frank, JLL)

Given the direct corelation of office space construction with HVAC system demand, the strong growth in construction in 2022 would have created a robust demand for HVAC system. This development bodes well for finned tube heat exchanger, which is the preferred heat exchanger used in HVAC system. Furthermore, the strong growth in Grade A office envisaged points to the stable long term demand growth for HVAC system (and by extension finned tube heat exchanger) from commercial real estate (office) segment.

Indian Residential Real Estate: Current Scenario & Growth Prospect

For India's real estate sector, 2022 was the year of a new high. Both home sales and new launches improved significantly, and this strong momentum will most likely last through 2023, with sales doing even better than in 2022, which were higher than in 2014. The year 2022 (January-December) witnessed unprecedented growth in residential sales in India and recorded 3,28,129 launches of housing units and sales of 3,12,666 units. This shows a y-o-y increase of whopping 41% and 34% respectively. Of the total sales of residential units in 2022, 63% were dominated by three cities: Mumbai, NCR and Bengaluru.

During 2021, 232,382 new residential units were launched across the top 8 cities, highest since 2016, registering a robust growth of 58.5% y-o-y. During the year, number of residential units sold reached 232,903, up by 50.8% compared to previous year.



Source: Knight Frank Report on Indian Real Estate Sector (Statistics for Top 8 Cities in India)

Demand momentum remained strong across markets in y-o-y terms in CY 2022. During the period, new launches reached 328,129, increasing by 41% y-o-y. Similarly, number of residential units sold reached 312,666, up by 34% y-o-y. This upward trend can be attributed to the changing preferences of homebuyers, low interest rates, and comparatively low home prices along with the renewed need for home ownership sparked by the pandemic.

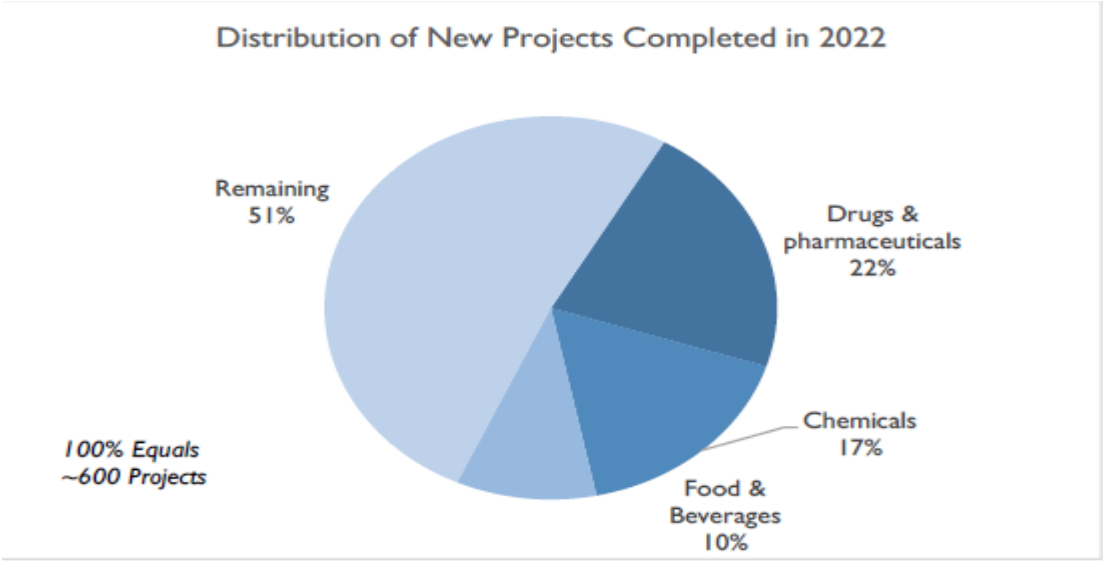
Development activity has risen in tandem with the improved demand, mostly unaffected by the increasing costs of input materials and labour across markets. The growth in sales volume during CY 2022 is more significant considering that it has occurred along with very encouraging price growth across all markets. Prices have increased year-on-year across all markets in the range of 4-7%. Increasing instances of developers offering greater value adds such as furnished apartments, better interiors were also observed during 2022.

For heat exchanger & HVAC segment, the demand from residential segment arises from the cooling / temperature control requirements. Most of the new apartments coming up in metros have extensive HVAC systems built in. Depending upon the building / apartment, HVAC system could be either centralized or decentralized. These HVAC systems are responsible for regulation of heat, airflow, air conditioning, and ventilation in apartments. Hence a growth in build up space in residential real estate segment would convert to market opportunities for HVAC system (and by extension finned tube heat exchanger).

Demand For HVAC System From Industrial & Segment

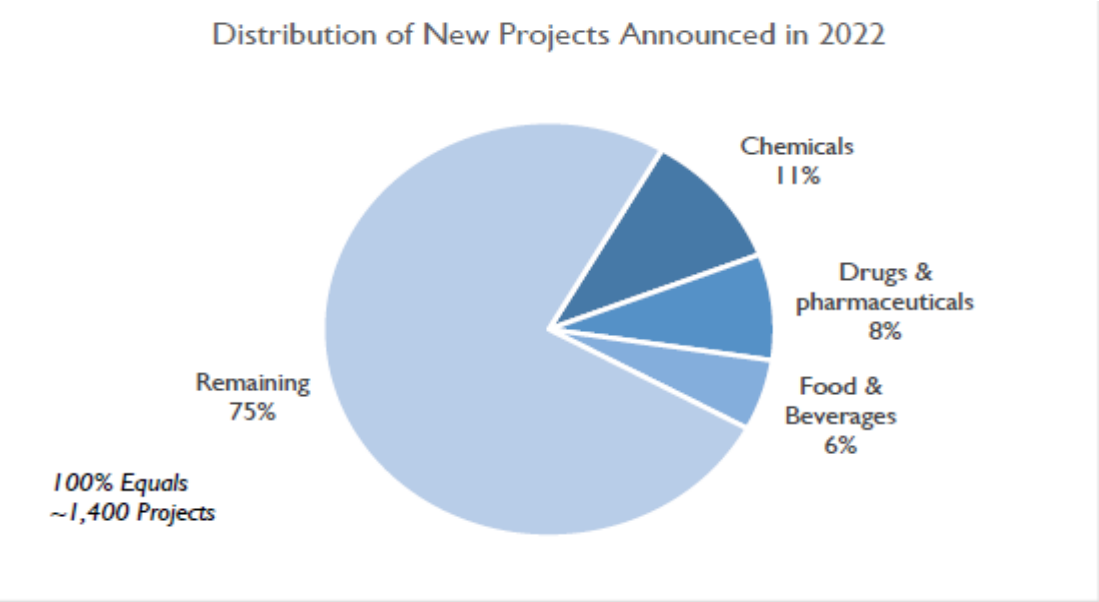
In a manufacturing plant, HVAC system is used for controlling humidity, temperature, and air quality – for improving the working condition of employees as well as maintaining the optimum ecosystem that supports the manufacturing process (especially in industries like pharmaceuticals etc). Industrial air conditioning is most crucial in sectors like pharmaceuticals, food & beverage, electronic manufacturing, and medical equipment manufacturing.

The capex growth in manufacturing – which indicates the new projects coming up in the space – is a key indicator of HVAC demand emerging from manufacturing sector. In 2022, nearly 600 projects were completed in manufacturing sector – ranging from setting up pharmaceutical plants to agriculture machinery manufacturing unit. Of these Pharmaceuticals and food & beverages – two of the sectors where HVAC deployment is crucial – accounted for nearly 32% (approximately 185 – 190) projects. Such a strong capacity addition in pharmaceutical and food & beverage space have benefitted the HVAC industry.



Center for Monitoring Indian Economy Database

Approximately 1,000 new projects have been announced in the manufacturing sector with nearly 140 projects coming up in pharmaceuticals and food & beverage space alone. All these projects were announced in 2022, and their execution is expected to happen in the coming years. These upcoming projects is an indication of new capacity (in the form of brownfield & greenfield facilities) coming up in manufacturing space. Since setting up of a new space is accompanied by the deployment of HVAC, the strong project pipeline indicates a stable growth demand forecast for HVAC system from industrial segment.



Center for Monitoring Indian Economy Database

Indian manufacturing landscape is witnessing a rapid transformation, especially on the infrastructure front. Through a series of policy measures – like Make in India, and Production Linked Incentive (PLI) scheme – Indian Government is attractive corporate sector to set up manufacturing facilities in India. The attractive regulatory policy measures are designed to attract both domestic and multinational industrialists. As these policy measures gains traction, there would be a commensurate increase in the number of new manufacturing plants coming up in the country, which bodes well for HVAC demand emerging from industrial segment.

Hence, apart from existing pipeline of new projects, supportive policy measures like Make in India, and PLI scheme is expected to enrich the new project pipeline. This would translate into a stable long-term demand for HVAC systems from industrial segment.

Demand From Pharmaceutical Sector

In FY 2022 the Indian pharmaceutical industry held a significant value of approximately USD 50 billion with exports contributing over USD 25 billion. This positioning India as the third largest producer of pharmaceuticals in terms of production volume and securing the fourteenth spot in terms of production value.

Moreover, India is actively working towards establishing a comprehensive policy framework that encompasses various aspects, including intellectual property rights, technology commercialization, government procurement, and scientific research. For instance, in response to the COVID 19 pandemic, the Department of Biotechnology and the Biotechnology Industry Research Assistance Council (BIRAC) collaborated to establish the 'DBT BIRAC COVID 19 Research Consortium. This initiative supports indigenous research solutions for combating COVID 19. Additionally, the 'Mission

COVID Suraksha - The Indian COVID 19 Vaccine Development Mission' was introduced as part of the Atmanirbhar Bharat 3.0 stimulus package Its objective is to promote Indian vaccine research and development, enhancing the nation's capacity to address pandemic challenges and achieve self-sufficiency. This effort includes drugs like Remdesivir, vitamins, minerals, and other supplemental products, as well as manufacturing made in India vaccines to fight COVID 19.

By FY 2030 the annual turnover in Indian pharmaceutical industry is expected to reach USD 130 billion. The growth in pharmaceutical industry would be driven by an increase in production of bulk drugs, key starting materials, and formulations. The expansion in production capacity, together with upgradation of manufacturing capability would create strong demand for capital goods, including heat exchangers.



Industry Sources

Demand from Food & Beverage Segment

Food & beverage (F&B) industry in India contributes to nearly 3% of nation’s GDP and is an integral part of Indian economy. F&B sector underwent a transition, with demand shifting to packaged & processed food. This shift in demand created the necessity to set up state of the art F&B manufacturing plants. Over the past decade, India has witnessed a rapid growth in the number of products units dedicated for manufacturing a whole variety of food products. These new plants range from large units to small units in MSME sector. Apart from domestic demand, the growth in export of processed foods has also helped in this growth of manufacturing infrastructure.

This growth in F&B manufacturing infrastructure in India has helped in stimulating demand for HVAC system, which is integral to create a sanitized space to produce food products. As the production of processed food & beverages increased, so did the demand for refrigeration & cold chain equipment. In addition, F&B manufacturing workspace also need to maintain superior air quality, which requires the necessity of air filtration, controlled ozone treatment, and other similar processes. Thus HVAC system plays a huge part in ensuring both air quality, and refrigeration conditions required to manufacturing F&B products.

Demand from Chemical Manufacturing:

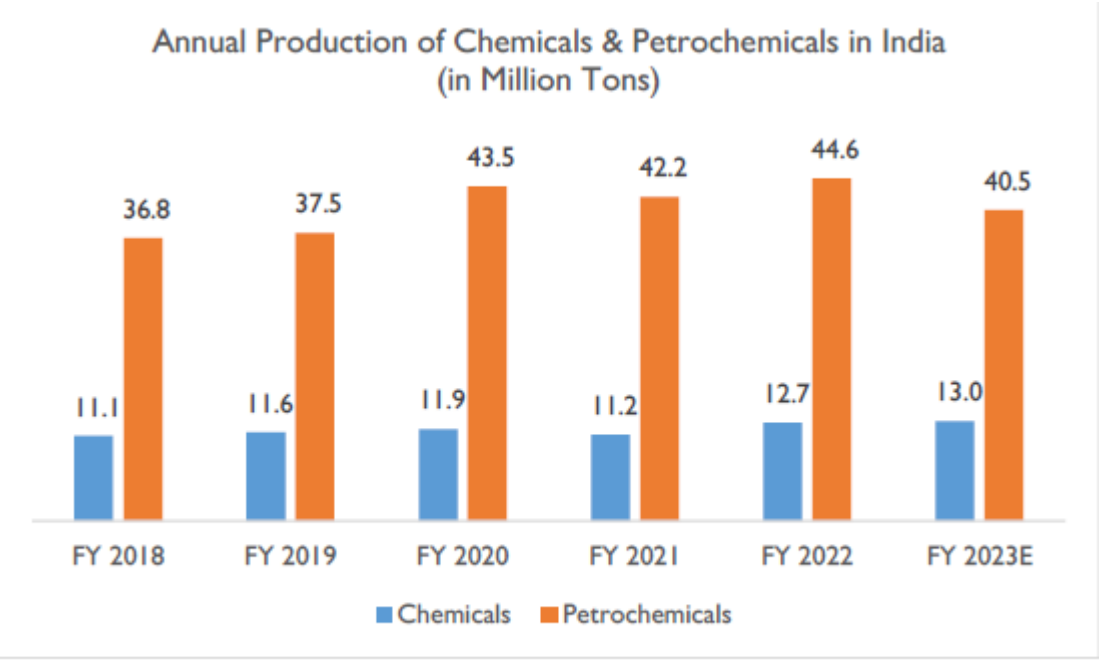
Heat exchangers are used in the chemical processing industry on account of their properties such as

design flexibility and high corrosion resistance which provide them with the ability to handle a variety of fluids. Heat exchangers are necessary for nearly every process that involves solvent condensation, hydrocarbons cooling and reactor heating and cooling in the manufacturing of chemicals and petroleum. These products are now becoming highly efficient, and the need for sophisticated heat exchangers that can improve efficiency is gaining pace.

Indian chemical market holds a prominent position globally and is ranked sixth worldwide, in terms of the global sales of chemicals. India's chemical sales account for 2.5% of the global market with exports reaching over 175 countries. According to the Indian Chemical Council, India is expected to account for more than 20 percent of the incremental global consumption of chemicals over the next two decades. Moreover, with an increasing domestic output which is projected to rise from USD 232.8 billion in 2022 to USD 304 billion in 2025 and eventually reaching USD 1,000 billion by 2040.

The strong industry dynamics is playing out in petrochemical sector too. Rapid industrialization has created strong demand for almost all the petrochemical products. Polymers, which forms an integral part of the petrochemical industry, is witnessing a demand boom – on the back of higher demand for consumer and industrial end use applications.

In FY 2023, approximately 13 million tons of chemicals were manufactured in India while the volume of petrochemicals manufactured were nearly 40.5 million tons. During FY 2018 – 23 period, volume of chemicals and petrochemicals manufactured in India grew by a CAGR of nearly 3% and 2% respectively.



Primary Research, D&B Estimates

Private and public players are investing heavily in the petrochemical sector. In 2021 Nayara Energy announced plans to establish 15-20 new petrochemical plants in India within a decade, aiming to meet the growing demand for raw materials in the plastics and textiles industries. Additionally, Bharat Petroleum Corporation (BPCL) expressed its intention to invest USD 4.05 billion in enhancing petrochemical capacity and refining efficiencies over the next five years.

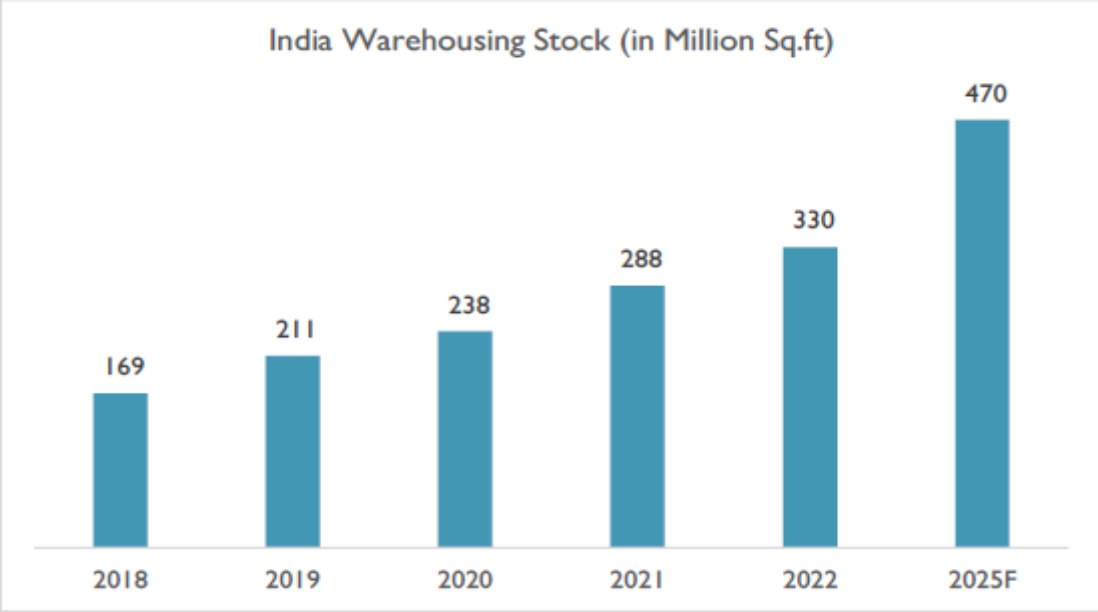
Moreover, the government of India has set a vision for 2034 actively pursuing opportunities in the petrochemical sector. With the projected growth of the petrochemical market in India, there will be a significant increase in the demand for heat exchangers in the forthcoming years as h eat exchangers

play a crucial role in various stages of the petrochemical industry, including heat recovery systems and the production of final petrochemical products.

Demand from Warehousing: Cold Storage

In logistics sector, heat exchangers find application in HVAC system that are deployed in storage as well as transport infrastructure. The requirement is highest in cold chain industry (comprising of temperature-controlled storage as well as temperature-controlled truck/ transport vehicles).

The total warehousing stock in the country reached nearly 330 million sq. ft by the mid of 2022, increasing by a CAGR of nearly 18% between 2018 and 2022. The total stock is expected to reach 470 million sq.ft by 2025. According to this forecast, nearly 140 million sq.ft of warehousing space would be added to Indian warehousing market between 2022 and 2025.



Industry Sources (Knight Frank, JLL, Assoc hem)

There are nearly 8,300 cold storage facilities in India, with nearly 36% having storage capacity less than 1,000 tons. Meanwhile the demand for cold storage facilities is nearly ten times the existing infrastructure. The increasing focus on agro processing industry and growing demand for food products is creating this demand. According to the Ministry of Food Processing Industries, as on 31st Dec 2022, cold storage capacity of 8.38 lakh MT has been created under the Scheme for Integrated Cold Chain and Value Addition Infrastructure.

Apart from the deficit in capacity, the existing cold chain infrastructure in India is also skewed. Nearly 60% of capacity is concentrated in two states (Uttar Pradesh & West Bengal) while 75% of total capacity is dedicated to a single commodity (Potatoes)[8]. Thus, there is a strong requirement for expanding the capacity of the cold chain infrastructure as well as modernize it to make it suitable for storing the wide range of vegetables, horticulture, and meat products produced in the country.

According to the Ministry of Food Processing Industries, as on 31st Dec 2022, 376 integrated cold chain projects had been taken up for implementation; of which 269 projects have been completed and 107 are at various stages of implementation.

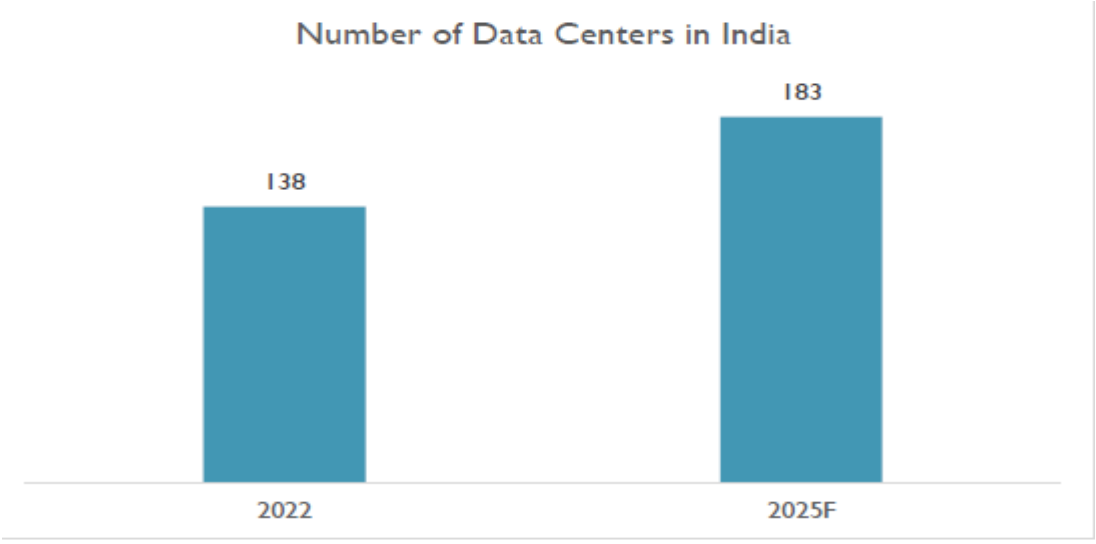
This strong policy led growth in cold chain infrastructure have benefitted the HVAC industry, which is critical in maintaining the controlled temperature. The large-scale addition going on in the industry is a pointer towards the continued demand generation for HVAC systems.

Demand from Data Centers

Data centers are critical components of the information technology industry as voluminous amount of data is stored and distributed at regular intervals. However, the energy consumption of these data centers has increased rapidly with the advancements of high density and high-power large servers. It is estimated that cooling systems account for nearly 40% of energy consumption in a data center.

Globally nearly 1.3% of electricity consumption is accounted by data centers, with bulk of it going towards maintaining ambient temperature & air quality inside the premises. Consequently, efficient thermal management as emerged as a key factor in managing the cost and operations of the data centres. Heat exchangers enable HVAC system is used in data centers to ensure ambient temperature in the premise, which is integral to the smooth functioning of a data center.

India is currently the 13th largest data center market in the world, with nearly 138 data centers in operation. Penetration of internet, growth in internet subscribers, and large scale digitization initiatives are all driving the demand for data centers. Between 2022 and 2025, 45 new data centers (totalling 13 million sq.ft) are expected to come up[9], which will take the total number of data center in operation in the country to 183. Such a strong growth would transform into higher demand for HVAC systems & heat exchangers used in HVAC systems.



Secondary Research, F – Forecast

The demand is primarily being driven by large players such as Amazon web services, Google, Microsoft, Facebook, IBM, Uber etc. that are outsourcing their storage needs to third party DC providers. Further, major Indian players such as Adani and Hiranandani are building data centre infrastructure with the help of technology partners through the co-location or colo model; in which the data centre players construct the various elements namely the building, power supply, cooling, physical racks, security and other support measures and the clients bring their own IT hardware and expertise. With high level of involvement from all major stakeholders i.e. government, Indian and global players, the future of data centre seems promising thus supporting the demand for heat exchangers in the coming years.

Demand from Transportation Segment

In metro trains, usage of heat exchangers can be found for removing large quantity of heat dissipated by the train equipment like traction motors, braking units, compressors, removing heat from air

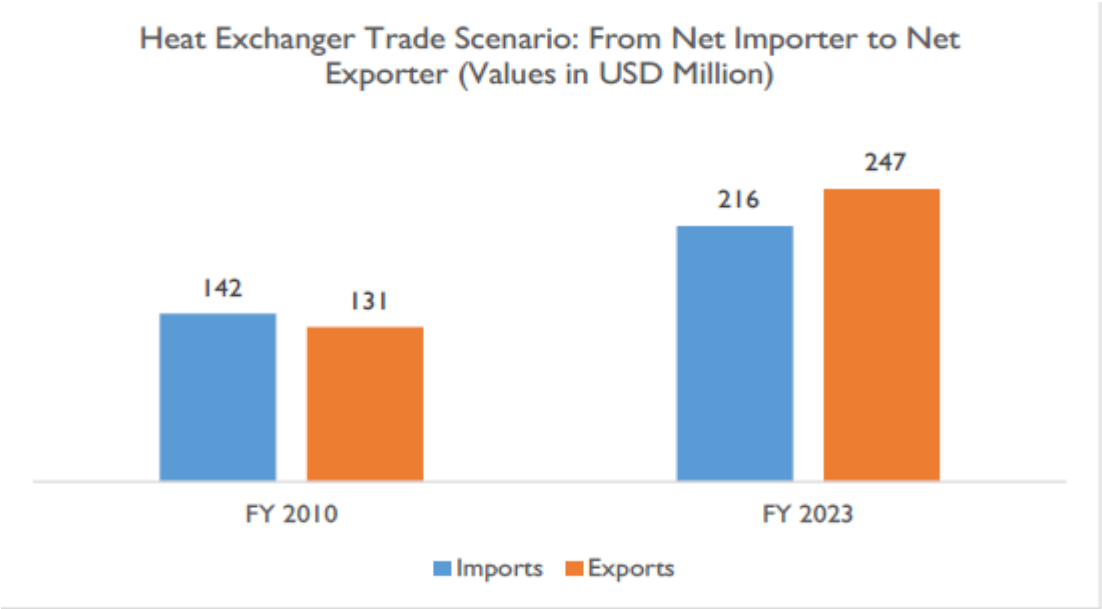
conditioning plant and sub-station and other equipment, if provided inside the underground station etc.

Driven by strong government support, metros have emerged as the country's fastest growing mass transit system with approved metro rail projects having a projected expenditure of nearly Rs 3 trillion till 2026. 13 Indian cities have functioning metro railway networks and 5 cities have upcoming metro rail services. The National Railway Plan 2030 envisages to increase the modal share of railways to 45% in freight traffic. Further, the introduction of 25 Vande Bharat Express trains which is India's indigenously manufactured semi-high-speed train, has given a boost to the Railways.

The government has set a target of 475 Vande Bharat trains to be introduced within the next four years. There are also plans to launch Vande Metro by 2023. All such positive development of the Railways auger well for the heat exchanger industry.

Trade Scenario

India has been traditionally a net importer of capital goods. Although capital production capability in India has improved in the past few years, imports continue to play a key role in fulfilling the domestic demand. This was true in the case of heat exchangers too. Over the last decade, the domestic production capability (in terms of technical capability and production volume) in heat exchanger industry has improved significantly. As a result, India moved from a net importer to a net exporter of heat exchangers.



Source: Directorate General of Foreign Trade

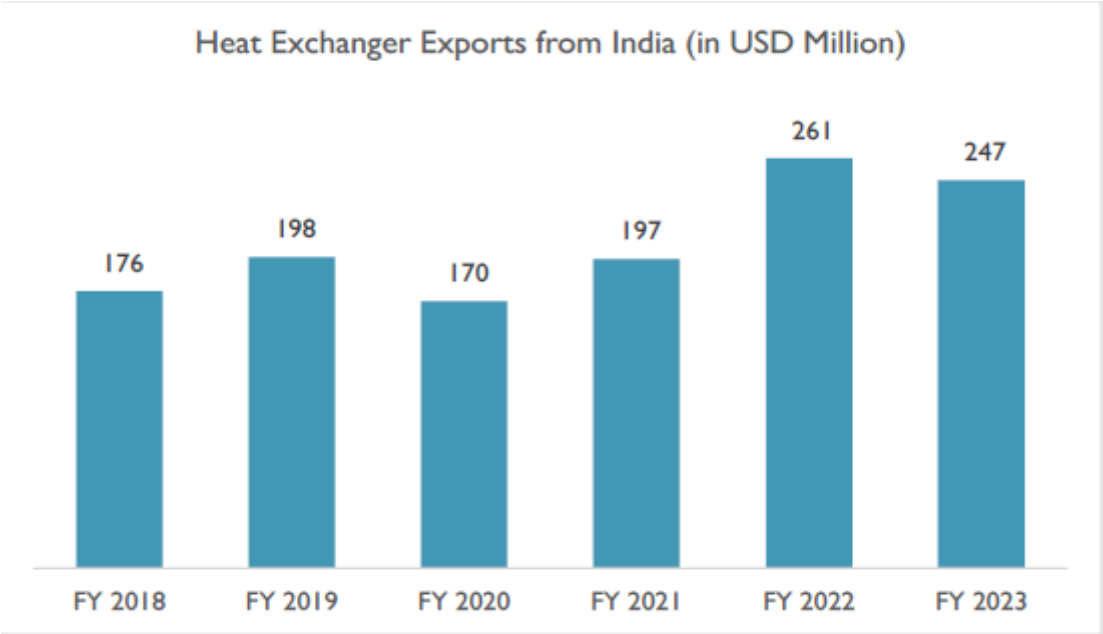
Exports

Annual export of heat exchangers from India reached USD 247 million in FY 2023. This includes shell & tube type, plate type as well as spiral type heat exchangers. Between FY 2018 and 2023, the value of heat exchangers exported from India increased by a CAGR of 7%. Compared to FY 2022, the value of heat exchangers exported from India dropped by nearly 6%. Muted demand growth in key export markets contributed to this decline in exports.

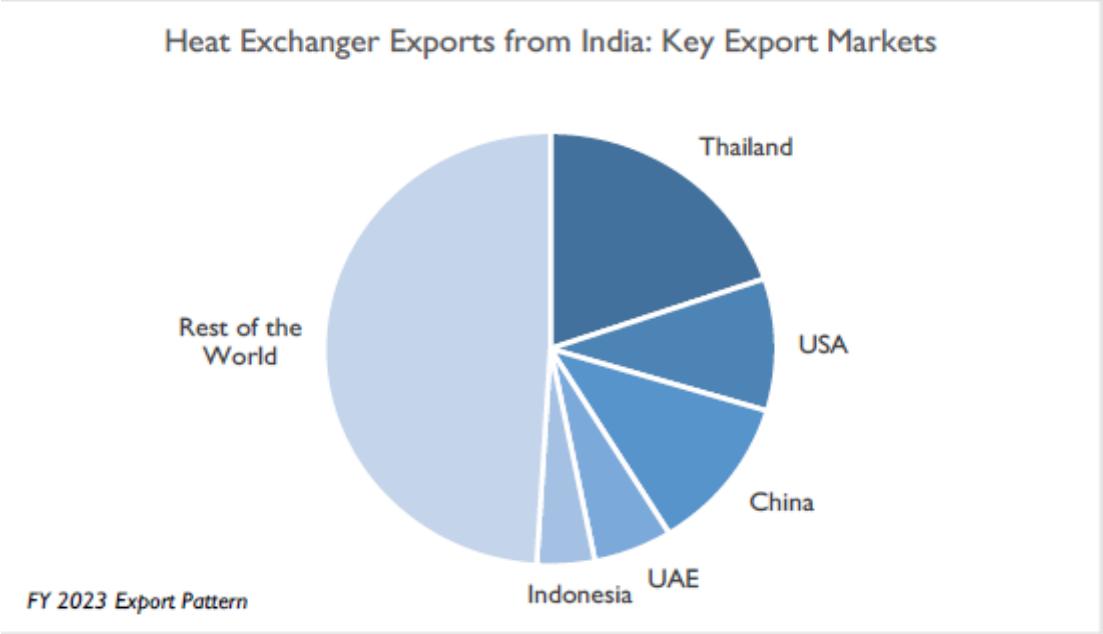
In FY 2023, nearly 51% of heat exchanger exports from India was concentrated in 5 markets, namely Thailand, USA, China, UAE, and Indonesia. Among these Thailand was the largest export market for Indian heat exchanger industry, accounting for nearly one fifth of total exports. Outside of these five

markets, Indian heat exchanger industry has made rapid strides into African market, as well as middle east regions.

Although India is yet to become a key player in global heat exchanger market, the domestic industry has made rapid strides in global market – penetrating developed markets as well as developing markets alike. This highlights the unique capability of the industry to develop products that meet global quality standards at a competitive price. The lower cost of production, while adhering to global quality standards has helped several industries in India to penetrate global market, and heat exchangers to appears to be benefitted by this model.



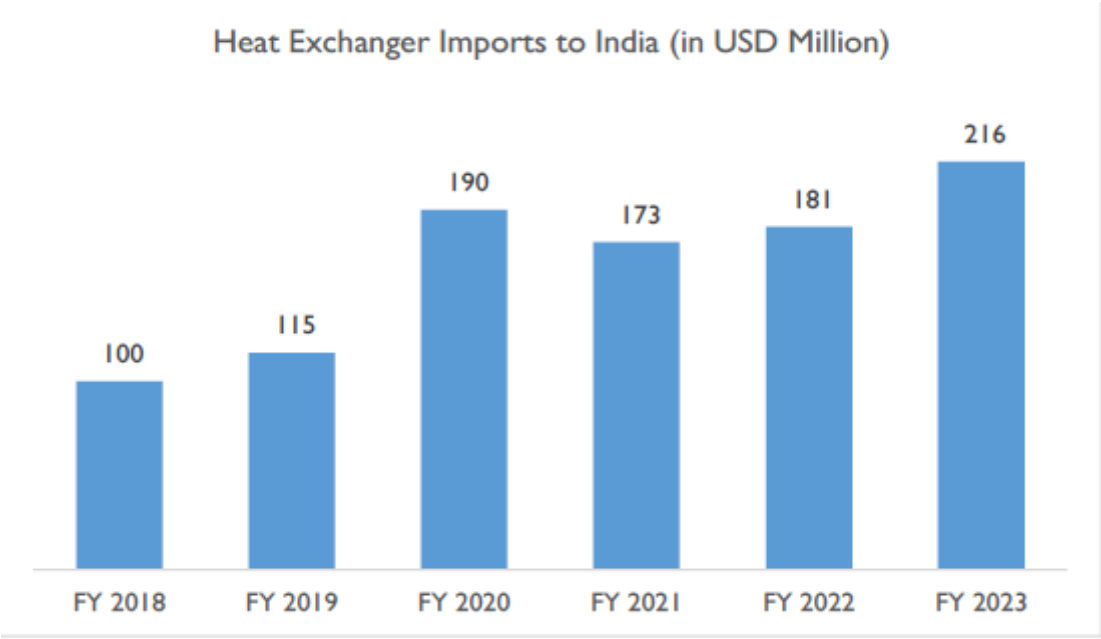
Source: Directorate General of Foreign Trade



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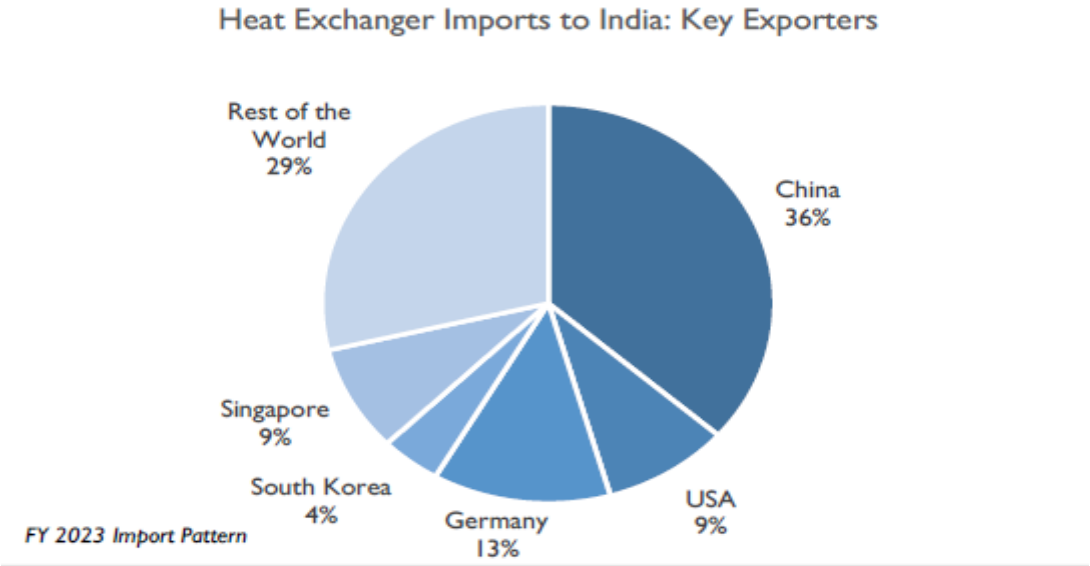
Imports

Approximately USD 216 million worth of heat exchangers were imported to India in FY 2023. While heat exchanger exports from India have witnessed a steady increase, the growth path has not been linear for imports. From approximately USD 142 million in FY 2010, the annual value of heat exchangers imported to India dropped to nearly USD 100 million in FY 2018 before recovering in subsequent years.



Source: Directorate General of Foreign Trade

Nearly 70% of value of heat exchangers imported to India in FY 2023 came from five markets – China, USA, Germany, South Korea, and Singapore. Among these China was the largest exporter, accounting for nearly 36% of total heat exchanger imports.



Source: Directorate General of Foreign Trade

Emerging Trends & Challenges in Indian Heat Exchanger Industry

Trends:

- **Hybrid heat exchangers**: There is also the growing trend of adopting hybrid heat exchangers which are more efficient and flexible than the traditional models. These are based on a multi-flexible configuration platform and designed to operate under extreme conditions where other heat exchanger technologies can fail or reduce operational efficiency. They are designed for easy cleaning as the fouling medium can flow through the tube side, which is accessible for mechanical cleaning. Heavy-duty or customized heat exchangers are generally utilized by large industrial consumers whereas portable heat exchangers generally cater to the residential or small commercial establishments.

- **Better energy efficient models**: With a growing emphasis on energy conservation and sustainability, heat exchangers have seen advancements in energy efficiency. This includes improved designs, better fluid dynamics, and the integration of advanced heat transfer technologies to minimize energy consumption and optimize heat recovery. Further, technological advancements such as tube inserts in heat exchangers and advances to improve energy efficiency, life cycle cost, durability, compactness and other features will complement the growth of the market.

- **Smart heat exchangers**: The integration of sensors, controls, and automation technologies has led to the development of smart heat exchangers These systems can monitor performance, detect anomalies, and optimize heat transfer processes in real time, resulting in improved efficiency, reduced downtime, and predictive maintenance.

- **Modular heat exchanger**: Such designs have gained popularity due to their flexibility and ease of installation. Modular units can be combined and customized to suit specific heat transfer requirements, enabling scalability and easier maintenance.

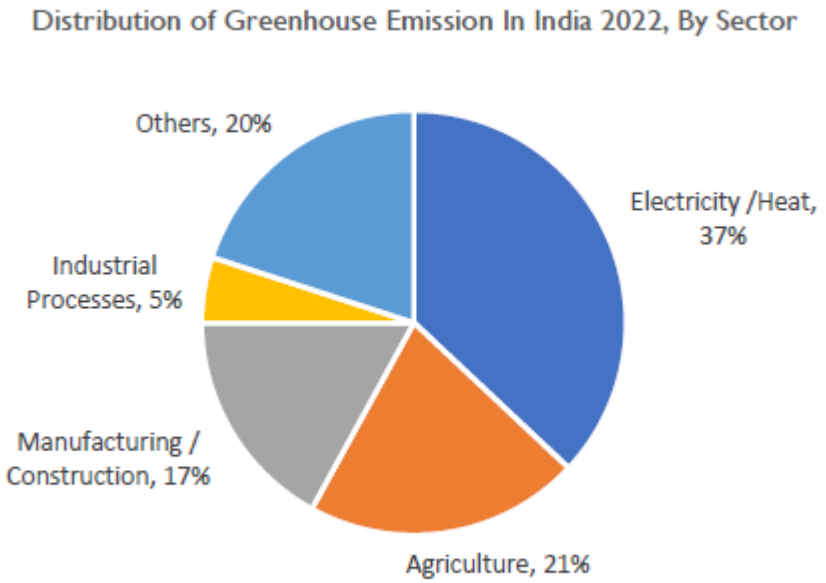
- **Usage of new materials**: Advancements in materials science, including the use of new alloys and composites materials that offer greater corrosion resistance, higher strength, and better heat transfer properties.

Challenges

Fouling on heat exchangers reduces heat transfer efficiency, leading to higher energy consumption and greenhouse gas emissions, which could hamper the growth of the heat exchanger market in India in the upcoming years. Raw material price fluctuations could also affect the growth of the heat exchanger market due to economic conditions, exchange rates, and supply chains.

Environmental Impact of Fouling on Heat Exchangers

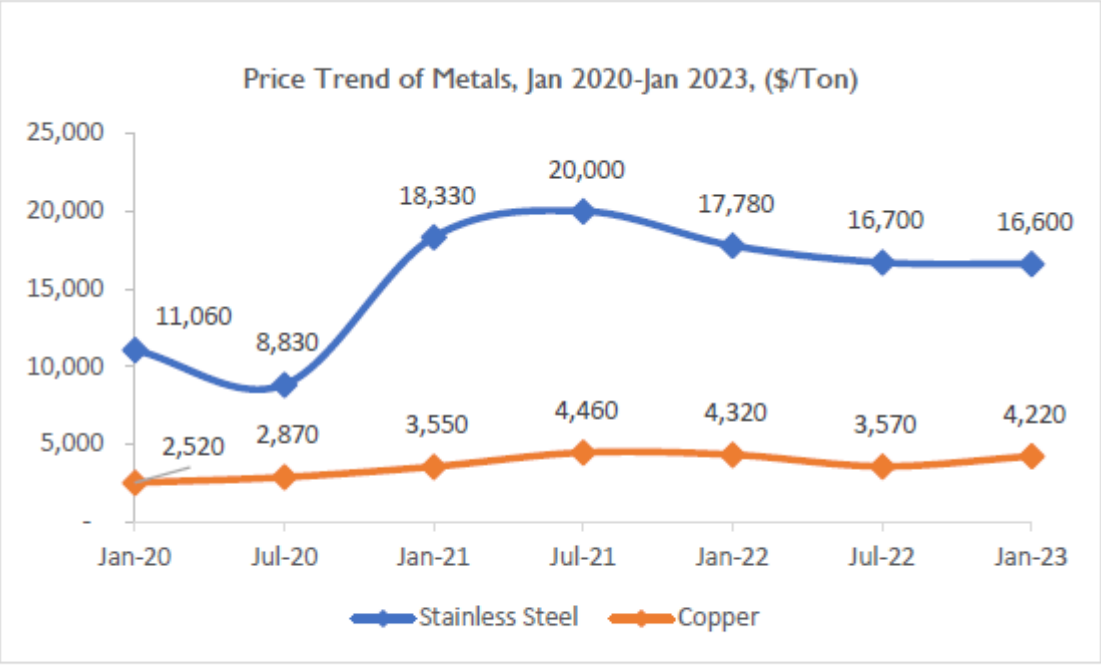
Fouling on heat exchanger could occur due to various factors, including the properties of the fluids being processed, the temperature and pressure conditions, the presence of impurities or contaminants in the fluid, and the design and operation of the heat exchanger itself resulting in decrease in efficiency of heat transfer which leads to increased energy requirements and this increased energy consumption contributes to higher greenhouse gas emissions, as the additional energy is often derived from fossil fuel based sources. Furthermore, fouling needs to be cleaned or maintained more frequently, which requires additional resources, such as water, energy, and cleaning equipment, which could have additional environmental implications.



Industry Sources, Primary Research

Fluctuation in Raw Material Prices

Heat exchanger manufacturers are susceptible to the ever-changing prices of raw materials, encompassing copper, aluminium, steel, and other metals The prices of these raw materials are subject to volatility, influenced by a range of factors like economic conditions, exchange rates, and supply conditions Such factors can potentially exert adverse effects on manufacturers. Additionally, these price fluctuations have the potential to trigger delays or cancellations of substantial capital projects, thereby hindering the growth of the heat exchanger market.



Industry Sources, Primary Research

Regulatory Landscape

Capital Goods

The phasing out of concessional import duty on a wide range of capital goods and project imports in the Union Budget 2022-23 is a boost for the domestic capital goods industry by protecting it from low-cost imports and in turn help in creating a level playing field for domestic manufacturers. Additionally, import concessions for select raw materials will make it easier for the domestic manufacturers to access input materials in a cost-effective manner.

Continued investment on infrastructure development, anchored by PM Gati Shakti Master Plan would create strong demand for a wide range of capital and engineering goods from various sectors, especially from roads, railways, and waterways, where capacity expansion programs announced would trigger a demand for construction equipment and heavy machinery. The proposed battery swapping policy could create demand for specialized capital goods from electric mobility ecosystem, for which domestic manufacturing capability is nascent, and thus, such demand would be largely met through imports in near-term, supported by the continuation of exemption on import of specialized machinery. However, given the long-term demand generating potential of the industry, the domestic capital goods industry will have to invest in expanding its technical capabilities.

National Goods Policy 2016

National Capital Goods Policy, released in 2016, is considered to be the major policy measure that would shape capital goods sector in the coming years. This policy is in line with the Government's objective of increasing the contribution of capital goods to manufacturing output from the current 12% to 20% by 2025. Achieving this objective would result in the value of production of capital goods increased from the current level of INR 230 thousand crores to INR 750 thousand crores by 2025.

Atmanirbhar Bharat Abhiyan

According to the announcement by Prime Minister Narendra Modi, the Atmanirbhar Bharat economic package is worth INR 20 lakh crore, equivalent to nearly 10% of the country's GDP. The policy focuses on five key aspects: economy, infrastructure, system, vibrant demography, and demand. The core theme of the package is to be vocal about local products by promoting consumption of local products as well as making them global. The package has five phases, with each phase focusing on specific sector/ aspect. Phase I focuses on MSMEs, Phase II on migrants & poor, phase III on agriculture, phase IV on new growth horizons and phase V on government reforms & enablers.

The primary objective of this economic policy is to make India self-reliant. It could be termed as an extension of the Make in India program, which again was focusing on attaining self-sufficiency in the manufacturing sector

The phase IV of the economic package includes governance measures like fast tracking of investment clearances, ranking of states in terms of investment attractiveness, and ranking of industrial parks. These measures are expected to showcase the investment potential to foreign investors and help facilitate investments in the country. The anticipated impact of the measures outlined in this phase is a pick-up in capital investment, which in turn would trigger economic growth. The easing of investment norms and clearances would help revive corporate investments, which in turn would be a key factor in driving up the demand for capital goods.

Key Regulations

The Indian Boiler Regulations (IBR):

The Indian Boiler Regulations (Administered by the Central Boiler Board (CBB), IBR sets guidelines for the design, construction, operation, and maintenance of boilers and pressure vessels, which includes heat exchangers. Compliance with IBR is mandatory for heat exchangers operating above specified pressure and temperature limits.

Bureau of Indian Standards (BIS):

BIS is the national standards body responsible for the formulation and implementation of various Indian standards Relevant standards for heat exchangers in India include:

- IS 4503: Indian Standard for shell and tube heat exchangers
- IS 10787: Indian Standard for plate heat exchangers
- IS 6034: Indian Standard for air cooled heat exchangers

Energy Conservation Act (EC Act)

The EC Act and the associated Bureau of Energy Efficiency (BEE) regulate energy efficiency in India Heat exchangers may need to comply with BEE's energy efficiency labelling requirements or specific energy saving guidelines to promote energy conservation.

EN 12255

EN12255 is the European standard that provides guidelines for the design, construction, and testing of shell and tube heat exchangers. It covers both the mechanical and thermal aspects of heat exchanger design, including materials, pressure, temperature, dimensions, and performance.

Tubular Exchanger Manufacturers Association (TEMA)

TEMA standards are recognized as the authoritative source for the design and manufacturing of shell and tube heat exchangers. The TEMA standards are classified into three categories –

- Class B: For Chemical Process Service
- Class C: For General Commercial Application
- Class R: For Severe Requirements of Petroleum Processing

ASME Section VIII

- The American Society of Mechanical Engineers (ASME) publishes the Boiler and Pressure Vessel Code, which includes ASME Section VIII. The specifications for pressure vessel design, fabrication, inspection, testing, and certification are set out in Section VIII. Under ASME Section VIII, Division the construction of heat exchangers falls under the general requirements for pressure vessels; this specifies design and construction details for heat exchangers, including tube sheets, tubes, headers, and other components, are covered within the appropriate sections and subsections of Division 1.
- The design of tube sheets is typically addressed in UG 34 of ASME Section VIII, Division 1 which covers the requirements for tube sheets, flanges, and tube sheet joints.
- UHX-1 UW-2 provides guidelines for the design, construction, welding of heat exchangers

Pressure Equipment Directive (PED)

The Pressure Equipment Directive (PED) applies to various types of pressure equipment, including heat exchangers. Heat exchangers are considered pressure equipment under the PED if they operate with a maximum allowable pressure greater than 0.5 bar and meet the criteria defined by the directive Heat Exchanger under PED should Consider -

- Design and Manufacturing: Heat exchangers must be designed and manufactured in accordance with the essential safety requirements (ESRs) outlined in the PED. These requirements cover aspects such as design calculations, material selection, fabrication methods, welding procedures, and non destructive testing.
- Conformity Assessment: Heat exchangers must undergo a conformity assessment procedure to demonstrate compliance with the PED. The assessment typically involves the involvement of a Notified Body, which is a third-party organization designated by an EU Member State.
- Documentation and Technical File CE Marking: Manufacturers of heat exchangers must prepare a technical file that includes all relevant documentation related to the design, manufacture, and conformity assessment of the equipment. This file should be kept available for inspection by the authorities. Moreover, after heat exchanger successfully completes the conformity assessment and complies with the PED's requirements, it can be affixed with the CE marking.

AD-2000

AD-2000 is not a specific standard for heat exchangers but a German technical regulation that provides guidelines for the design and fabrication of pressure equipment, including heat exchangers. AD-2000 provides detailed requirements for materials, design calculations, manufacturing processes, testing, and certification of pressure equipment, including heat exchangers.

Central Pollution Control Board (CPCB)

CPCB is responsible for regulating environmental aspects related to industrial processes, including heat exchangers Compliance with CPCB guidelines for emissions, effluents, and waste management is crucial to ensure environmental protection.

ISO 9001: 2015

ISO 9001 2015 is a globally acknowledged standard that defines the requirements for establishing, implementing, maintaining, and continuously improving a robust quality management system (QMS) within an organization.

Competitive Landscape

Heat exchanger industry is capital and technology intensive, which creates a steep entry barrier. The industrial landscape in India (and across the globe) is changing at a fast pace as digital technology are integrating into mainstream manufacturing. This has created the need for superior capital goods & industrial machinery which can fit into this evolving landscape as well as delivery superior output. In the case of heat exchanges, the demand is for superior efficiency and heat capture. Hence, now more than ever, the manufacturers need to invest in R&D to improve their manufacturing capability. This exercise translates into higher capex, which deters new entrants.

Even among existing players, there is a high pressure to innovate and widen their product offering. As conventional manufacturing techniques make way to newer methods, consumers are increasingly demanding better products which can deliver tangible results. To stay relevant heat exchanger manufacturer will have to engage with their consumers, identify the emerging trend, and devise a

future growth strategy. These developments are changing the nature of the industry, making it more dynamic. Under this changing scenario, existing players must invest in capital, skill / talent, and innovation to stay relevant and maintain / increase market share.

Key Global Players

Company	Profile
Alfa Laval AB	Alfa Leve is a Sweden based capital goods manufacturer. The Company manufactures & sells boilers, decanters, water treatment systems, fluid handling systems, and heat exchangers. The Company focuses primarily on energy, environment, food and marine industry. Globally, the Company has nearly 37 manufacturing units.
Kelvion Holdings GmbH	Kelvion is one of the leading manufacturers of heat exchangers in the world. The Company manufacturers compact fin heat exchangers, shell & tube heat exchangers, and plate heat exchangers. In addition, Kelvion also supplies transformer cooling system, and diesel & gas engine cooling.

Indian Landscape

Key Factors	Level	Description
Supplier's Power	Low	Supplier power is low in the Indian heat exchanger market as OEMs can easily source necessary raw materials from numerous local suppliers; thus, not creating a supplier monopoly in the market.
Entry Barriers	High	High entry barriers exist in the heat exchanger industry owing to the significant capital investment required for manufacturing facilities, machinery, and equipment procurement, along with the requirement of vast sales and service network to penetrate the market.
Buyer's Power	High	India has numerous companies that offer heat exchangers. Multiple suppliers provide similar products, thereby offering buyers a wide range of options at competitive prices. As a result, buyers have a high bargaining power in the market.
Substitutes	Moderate	The threat of substitutes in the market is moderate since cooling towers and heat pumps could be used as alternatives However, these substitutes cannot completely replace the use of heat exchangers.
Competitive Rivalry	High	Competition is intense in the market due to the presence of numerous international players, along with well-established players such as Alfa Laval, Danfoss, Heatex Industries Limited, and HRS Process Systems Ltd among others.

Key Players in India

Company	Profile
Alfa Laval India Private Limited	Wholly owned subsidiary of Sweden based Alfa Laval AB. The Indian arm, established in 1937, manufacturers and sells industrial boilers, heat exchangers, decanters, separators and other related industrial equipment's. The Company has two manufacturing plants (in Pune & Satara).

Company	Profile
	In heat exchanger segment, their product offerings include: Shell & tube type, plate type, finned type, and tube in tube type. Alfa Laval India cater to HVAC, pharmaceuticals, power generation, food & beverages, marine & transportation, and steel sector. Annual installed manufacturing capacity of heat exchangers is estimated to be nearly 10,000 units per year.
REX Heat Exchanger Private Limited	The Company is based in Vadodara Gujarat and sells industrial products like pressure vessels, condensers, oil coolers, apart from heat exchangers. In heat exchangers, the Company manufacturers air cooled, U tube bundled, double pipe, and shell & tube type heat exchangers. The key consumer segment catered to include power generation, oil & gas, and chemical manufacturing.
Danfoss Power Solutions India Private Limited (Danfoss India)	The Company is a wholly owned subsidiary of Denmark based Danfoss. In India the Company manufactures and sells power solutions, climate solutions for heating & cooling, and drivers. Heat exchangers are sold under the climate solutions for heating & cooling vertical. The Company manufacturers Brazed, welded, gasketed, and micro channel heat exchangers. They cater to HVAC, food & beverage, and industrial refrigeration segment. Danfoss India has the capacity to manufacture nearly 2,500 heat exchangers per annum.
Kelvion India Private Limited (Kelvion India)	Kelvion India is the subsidiary of Germany based Kelvion Holdings GmbH. The Indian subsidiary, based in Mumbai, manufactures a wide range of heat exchangers – brazed, shell & tube, compact fin, single tube, and exhaust heat exchangers. In India Kelvion supplies heat exchangers primarily to oil & gas, petrochemicals, food & beverage, and HVAC industries. Annual production capacity of Kelvion – specific to heat exchangers – is approximately 2,500 units per annum

Growth Forecast:

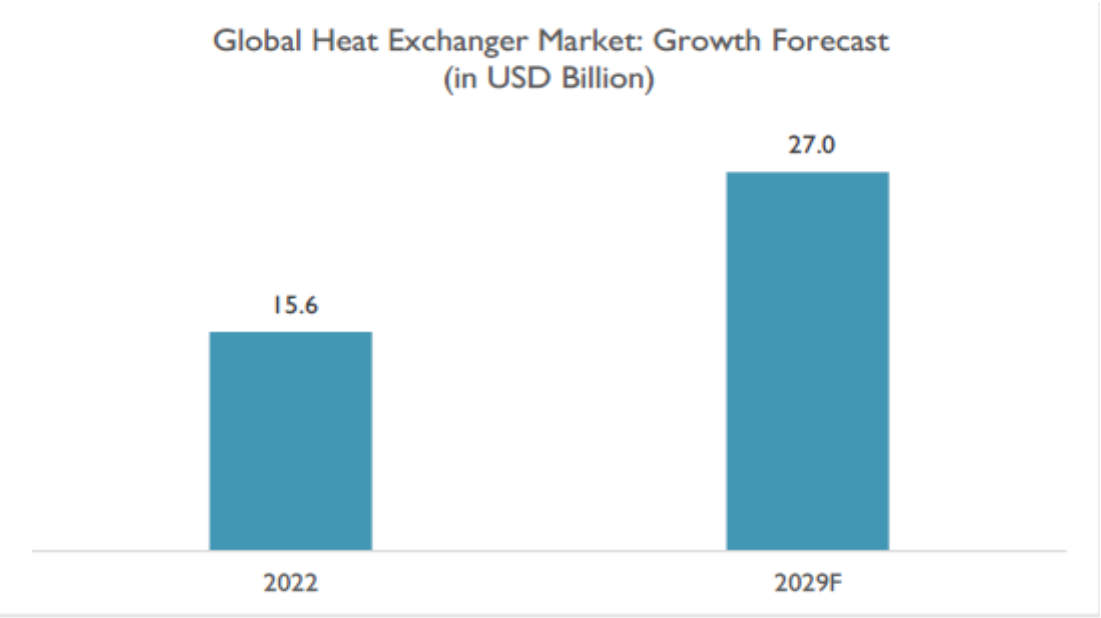
Heat exchanger is one of the widely used machinery within the broader capital goods industry, finding application across a broad range of process industries. Due to this ubiquitous nature of the product, its demand is closely linked to the industrial activity happening in an economy, as well as the capital investment landscape. Hence, capital expansion projects in the manufacturing sector as well as industrial activity tends to be a good barometer to identify the demand for heat exchangers.

Global Scenario

Consolidated capital expenditure spending of S&P 500 companies grew by nearly 20% in 2022, over the previous year. For the year 2023, the capex spending by this segment is expected to be nearly 6%, with the lower growth rate attributed to the evolving uncertainties and recessionary fears across key developed economies. Despite this, the long-term outlook with respect to capital spending appears to be optimistic. Factors like transition to clean energy, increase in automation in manufacturing, and integration of digital technologies to industrial sector are all expected to favour capital spending.

Capital investment pattern in the coming years, specifically in developed markets, would be characterized by upgradation in manufacturing infrastructure. Capital spending is expected to be strongest in Asia Pacific market, led by increased spending in China and India.

By 2029, the global heat exchanger market is expected to reach USD 27 billion, up from the current size of USD 15.6 billion. This translates into a CAGR of 8%, higher than the historical growth that was recorded during 2017 – 2019. Growth would be strongest in APAC market, which is expected to increase by a CAGR of nearly 8.9%.



D&B Analysis, Insights from Primary Survey

India Scenario

Indian economy recovered strongly from the impact of Covid-19 during the second half of FY 2022, and this recovery continued in FY 2023. The Country has once again become one of the fastest growing economies in the world. Although there are recessionary fears arising across major developed economies, the economic growth story in India is expected to continue.

Economic growth in India in the coming years would be underpinned by following factors – Government focus on improving the manufacturing infrastructure, and improvement in credit availability for the corporate sector. In addition, the revival in demand – for consumer & industrial products – post Covid-19 pandemic would further accelerate economic growth. All these factors are expected to strengthen the industrial activity and encourage capital spending.

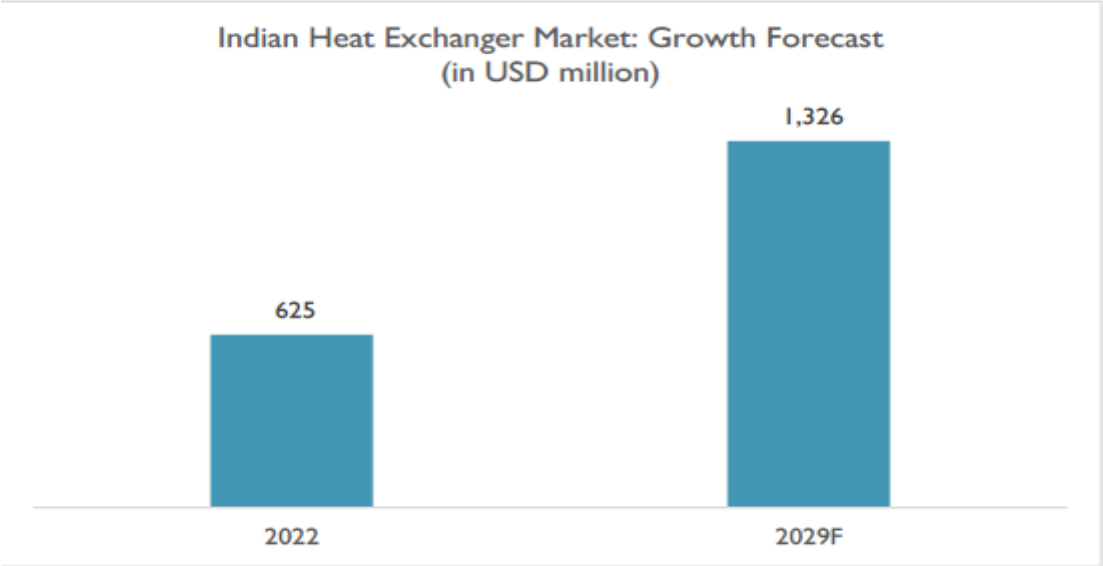
Government focus on improving manufacturing capability

Indian Government is taking steps to modernize and develop the domestic manufacturing capability, with the intention of increasing its contribution to GDP, from the current 15% to 25% by FY 2025. Flagship schemes like Make in India, Production Linked Incentive (PLI) scheme and Atmanirbhar Bharat was launched with the intention of meeting this goal.

The primary objective of these policies to import substitution (substituting imports with domestically manufactured goods), and later on become an export hub. This would involve substantial expansion in domestic manufacturing capabilities – across a wide range of industries. Schemes like Make in India and PLI is focused on multiple industries, hence the capacity expansion anticipated would be industry wide and not concentrated in select sectors.

These developments, together with improvement in capital investment scenario is expected to translate into modernization & expansion of domestic manufacturing capability. This expansionary

phase would create demand for a wide range of capital goods, and heat exchangers – because of its ubiquitous application in process industries – is one of the major product segments to benefit. These developments would help the domestic heat exchanger market to increase from its current size of USD 625 million to USD 1,326 million by 2029. This would translate into a compounded growth rate of 11.3%.

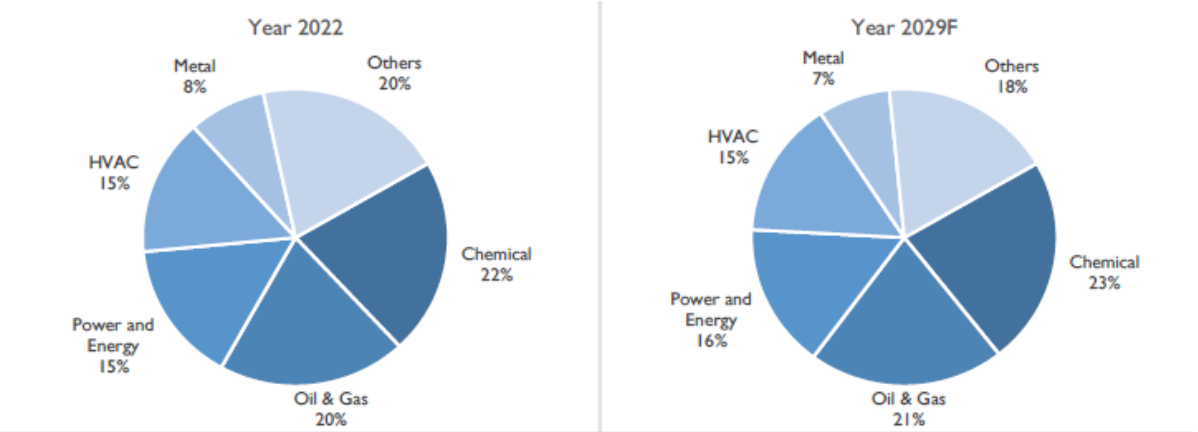


D&B Analysis, Insights from Primary Survey

By End Use Industry

Chemical manufacturing is the predominance consumer of heat exchanger in India, followed by oil & gas industry. Chemical industry is expected to remain the largest consumer of heat exchangers, as the ambitious capacity expansion programs planned in chemical industry would translate into higher demand for heat exchangers. India already posses a strong chemical manufacturing hub – from basic chemicals to petrochemicals to specialty chemicals. The Government is focusing on strengthening India's position as a global chemical manufacturing hub and increase the country's share in global chemical trade. Multiple policies targeted various segments of the chemical industry – pharmaceuticals / specialty chemicals – has been announced and the coming years would witness strong activity in terms of capacity expansion.

Backed by these factors, the value of heat exchangers consumed by Indian chemical industry is expected to reach nearly USD 300 million in 2029, translating into a CAGR of 12.3%.



D&B Analysis, Insights from Primary Survey

Growth Forecast in Indian Finned Tube Heat Exchanger Market

HVAC applications is expected to play a key role in expanding the demand for finned tube heat exchangers in India. The emerging landscape in real estate construction, manufacturing, warehousing, and transportation all points to a continuation of HVAC demand. It is the strong demand from these sectors that is expected to drive the annual turnover in Indian HVAC market from USD 7.8 billion in 2021 to nearly USD 27.4 billion in 2030.

This demand growth would translate into an increase in the production of HVAC equipment, creating demand for all the components & accessories used. Since heat exchanger is an integral part of HVAC equipment, the growth in production of HVAC systems would be most favourable for heat exchanger industry.

On the back of this supportive demand landscape, the annual turnover in finned tube heat exchanger, the annual turnover is set to increase from USD 133 million in 2022 to nearly USD 277 million in 2029, nearly doubling in size.

OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read "**Forward-Looking Statements**" on page 31 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "**Risk Factors**", **"Objects of the Issue"**, **"Restated Financial Information** "and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" beginning on pages 33, 108, 260 and 336 respectively for a discussion of certain factors that may affect our business, financial condition, or results of operations.*

Our Company's Financial Year commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Financial Year are to the 12 months ended on March 31 of that particular year. In this Draft Red Herring Prospectus, we have included various operational and financial performance indicators, some of which may not be derived from our Restated Financial Information. The manner in which such operational and financial performance indicators are calculated and presented, along with the assumptions and estimates used in such calculations, may vary from those used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information when making an investment decision. They should consult their own advisors and evaluate such information in the context of the Restated Financial Information and other information relating to our business and operations included in this Draft Red Herring Prospectus.

*Unless otherwise indicated or the context otherwise requires, the financial information included herein is derived from the Consolidated Restated Financial Information for the period ended on September 30, 2023, and Standalone Restated Financial Information for the Financial Years ended on March 31, 2023, 2022 and 2021, included herein is derived from the Restated Financial Information, included in this Draft Red Herring Prospectus. For further information, see the chapter titled **"Restated Financial Information"** beginning on page 260.*

Unless otherwise indicated or the context otherwise requires, in this section, references to "we" or "us" mean KRN Heat Exchanger and Refrigeration Limited, and its Subsidiary namely "KRN HVAC Products Private Limited" and reference to "Company" or "our Company" mean "KRN Heat Exchanger and Refrigeration Limited".

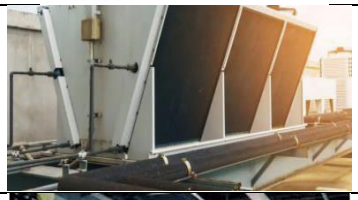
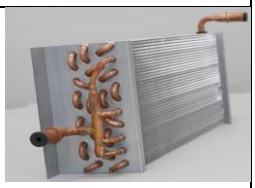
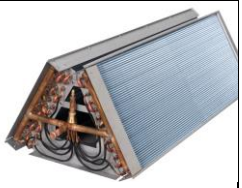
*The industry-related information contained in this section is derived from the D&B Report titled "Industry Assessment: Indian Heat Exchangers Industry" dated September 04, 2023 which is commissioned and paid for by our Company in connection with the Issue. For further details and risks in relation to the commissioned report, see **"Risk Factors No. 34 – Certain sections of this Draft Red Herring Prospectus disclose information from the industry report which has been commissioned and paid for by us exclusively in connection with the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks."** on page 59.*

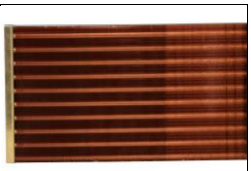
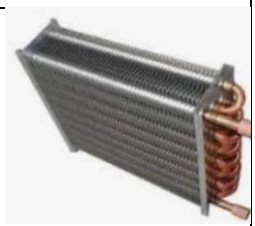
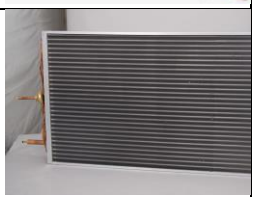
OVERVIEW

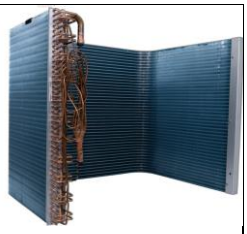
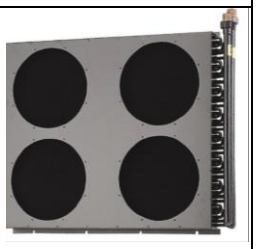
Our Company manufactures fin and tube type heat exchangers for the Heat Ventilation Air Conditioning and Refrigeration Industry ***("HVAC&R")***. Heat exchangers manufactured by us are made of non-ferrous metals primarily Copper and Aluminium. Our product range includes condenser coils, evaporator units, evaporator coils, header/copper parts, fluid and steam coils and sheet metal parts.

We manufacture heat exchangers of various shapes and sizes as per the requirements of the customers and/or demand in the market. The diameter of heat exchanger tubes we produce ranges

from 5MM to 15.88 MM. Our products are well suited for wide range of air conditioning, heating and ventilation, refrigeration, and process cooling applications such as:

Sr. No	Application	Sub Category	Use Case	Our Product
1	Air Conditioning	Residential AC		
2	Air Conditioning	Cassette type HVAC		
3	Air Conditioning	Fan Coil Unit FCU		
4	Air Conditioning	Commercial HVAC		
5	Air Conditioning	Data Centre Cooling		
6	Air Conditioning	Precision Air Conditioning		
7	Air Conditioning	Railway/Metro HVAC		
8	Air Conditioning	Automotive HVAC		

9	Air Conditioning	Defence Air Conditioning		
10	Refrigeration	Commercial Refrigeration		
11	Refrigeration	Water Coolers		
12	Refrigeration	Chest Freezers		
13	Refrigeration	Beverage Coolers		
14	Refrigeration	Vending Machines		
15	Process cooling	Civil and Construction		
16	White goods	Cloth Dryer/Washing M/c		
17	Others	Dry air cooler		

18	Others	Swimming pool heat pump		
19	Others	Medical Equipment		

To enhance the longevity and corrosion resistance of heat exchangers and their components, various types of coatings such as nano coating, and powder coating are applied to the surfaces of copper tubes, brazing joints, and fin sheets. By applying these advanced coatings to heat exchangers and their components, our products ensure that the heat exchanger operates efficiently over an extended period, reducing maintenance costs and enhancing overall performance. The protective barrier provided by these coatings ensures that the heat exchanger withstands harsh conditions and maintains its optimal functionality.

Our products are vital for the performance of cooling appliances and have undergone stringent quality and checks. Our company adheres to some of the industry's best-quality product accreditations. Our Company has obtained the following certifications/ recognition:

S. No.	Certification	Validity
1	ISO 9001:2015 in recognition of organization's Quality Management System.	10/10/2025
2	ISO 14001:2015 in recognition of organization's Environment Management System.	10/10/2025
3	ISO 45001:2018 in recognition of organization's Health and Safety Management System.	10/10/2025
4	IS 11329:2018 in recognition of the quality of finned type heat exchanger for room air conditioners from the Bureau of Indian Standards.	18/10/2024
5	CE 2215001 conformity certificate Issued by Szutest, turkey for the quality assurance	29/05/2025
6	BS EN ISO 13134 Certificate for Brazing procedure	Valid till Cancelled
7	UL-207 for Recognized Standard for Refrigerant-Containing Components and Accessories	Valid till Cancelled

Our entire manufacturing operations are carried out at our consolidated manufacturing facility comprising 2 industrial plots situated in the RIICO Industrial Area, Neemrana, Rajasthan. The details of the same are as follows:

(Area In Sq. Mtrs)

S.no.	*Address*	*Area*
1	Plot No F 48-49 Located At EPIP, RIICO Industrial Area, Neemrana, Rajasthan	3,900.00
2	Plot No F 46-47 Located At EPIP, RIICO Industrial Area, Neemrana, Rajasthan	3,900.00

Our Company is led by our Chairman and Managing Director, Mr. Santosh Kumar Yadav. Possessing MBA from the Institute of Management Technology, Ghaziabad, and a Diploma in Mechanical Engineering from the Board of Technical Education, Rajasthan, he brings an unparalleled blend of academic prowess and practical experience to the Company. With over 19 years of rich experience in manufacturing heat exchangers and refrigeration units, Mr. Yadav has consistently demonstrated exceptional operational skills. His commitment revolves around delivering excellent solutions to our customers, and offering customizations that comply with international standards. His most notable leadership roles include serving at Lloyd Electric & Engineering Limited for 10 years, overseeing production processes, ensuring quality standards, and leading a team of engineers. His operational skills were further exemplified during his deputation by Lloyd Electric & Engineering Limited at Luvata Czech plant in the Czech Republic for around two years starting in September 2008. During this time, he played a crucial role in implementing technical process at both the India and Czech Republic plants of LLOYD Europe.

As Manager of Operations, Mr. Yadav showcased his strategic planning and coordination skills. His responsibilities encompassed formulating monthly production plans for various shops such as the coil shop, header shop, sheet metal & return bend shop. In addition, he also coordinated with the sales team, planned container stuffing for export, and designed corrugated boxes for packing. His role also involved day-to-day planning aimed at achieving organizational goals, process monitoring, planning, and improvement, and line balancing according to load and priority.

To expand the business of our Company and to reap the benefits of forward integration, our Company has incorporated a wholly owned subsidiary of our Company, namely KRN HVAC Products Private Limited to increase value-added products in our existing portfolio. KRN HVAC Products Private Limited will focus on manufacturing certain types of heat exchangers that are currently not manufactured by our Company such as:

S. No.	Products	Application	Use Case
1	Bar & Plate Heat Exchanger	The Bar & plate Heat Exchanger is a device that permits recovery of the heat contained in a fluid being transferred to another fluid. Both fluids never touch each other because they are separated by metallic sheets. These sheets, which are called plates, are very fine and grooved to enable the diffusion of the greatest amount of heat through each surface unit. The plate heat exchanger has been made to guarantee a heat interchange with the highest security.	1. It is used in railway locomotives for transformers and convertor oil coolers. 2. It is used in screw & centrifugal air compressors as air coolers. 3. Used as metro train engine cooling unit and transmission oil cooling unit. 4. It is used in defense vehicles (Tanks) as the radiator and oil cooler. 5. Used as charge air coolers and oil coolers of diesel engines or DG sets. 6. Used as an oil cooler for heavy earth-moving vehicles. 7. It is used in oil rigs and mining equipment0.
2	Oil Cooling Unit with Blower & Motor	An oil cooler is a separate, smaller radiator to an engine's main radiator, which maintains an oil supply at a consistent, optimal temperature. Its purpose is to cool the oil passing through the coils, thus improving the engine and the transmission's lifetime. They are situated in front of an engine's cooling system.	1. It is specifically used as a cooling unit for locomotives/railways. 2. It is also used in automotive vehicles as a cooling unit.
3	Roll Bond Evaporator	Roll-Bond evaporators provide unique design flexibility for direct cooling refrigeration systems. Roll-Bond evaporators deliver efficient thermal performance in a product that can be shaped to fit most applications.	It is used in refrigerators as an evaporator/freezer

Through this forward integration, we are planning to venture into the distribution and sells channels which allow us to control the marketing and distribution of complete product range of heat exchangers. This enables us to capture a greater share of the value chain and establish direct connections with end customers. By incorporating KRN HVAC Products Private Limited, our Company can have greater control over the supply of HVAC industry products, enhancing customer reach and brand visibility. For more details, please refer to the ***"Objects of the Issue"*** section on page no. 108.

The revenue of our Company as per Consolidated Restated Financial Information for the period ended on September 30, 2023, and as per Standalone Restated Financial Information for the Financial Years ended on March 31, 2023, 2022 and 2021 is as under:

(Amount in ₹ lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)		For the Financial Year ended on March 31 (Standalone)					
			2023		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Domestic Sales	13,675.60	85.13%	21,909.86	88.53%	14,105.54	90.35%	7,176.47	94.64%
Export Sales	2,372.20	14.77%	2,820.26	11.40%	1,493.63	9.57%	405.95	5.36%
Other Operating Income	16.44	0.10%	17.96	0.07%	12.29	0.08%	-	-
Total	**16,064.24**	**100%**	**24,748.08**	**100%**	**15,611.46**	**100%**	**7,582.42**	**100%**

**Other Operating Income includes the rework of Coils and HVAC Parts.*
Pursuant to the certificate dated January 05, 2024, from our Statutory and Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.

Our Company has a wide customer base covering various parts of India as well as across the world. Our prestigious customers, including Daikin Airconditioning India Private Limited, Schnieder Electric IT Business India Private Limited, Kirloskar Chillers Private Limited, Blue Star Limited, Climaventa Climate Technologies Private Limited and Frigel Intelligent Cooling Systems India Private Limited among others, attest to our commitment to delivering top-notch products and outstanding services. Over the last 3 Financial Years, our revenue from operations has increased at a CAGR of 48.34% out of which our export sales have increased at a CAGR of 90.81%.

The product-wise revenue of our Company is derived from the Consolidated Restated Financial Information for the period ended September 30, 2023, and as per Standalone Restated Financial Information for the Financial Years ended on March 31, 2023, 2022 and 2021 with their percentage contribution to the total revenue is as under:

(Amt in ₹ lakhs)

SN	Product	For the period ended September 30, 2023 (Consolidated)		FY 22-23 (Standalone)		FY 21-22 (Standalone)		FY 20-21 (Standalone)	
		in Rs.	% of total revenue	in Rs.	% of total revenue	in Rs.	% of total revenue	in Rs.	% of total revenue
1	Evaporator Coils	5,604.24	34.89%	7,153.35	28.90%	5,144.01	32.95%	1,762.82	23.25%
2	Condenser Coils	9,066.41	56.44%	15,226.80	61.53%	9,946.54	63.71%	5,628.83	74.24%
3	Headers/ Copper Parts	275.83	1.72%	181.69	0.73%	57.19	0.37%	32.17	0.42%
4	Sheet Metal Parts	25.96	0.16%	16.50	0.07%	5.72	0.04%	7.31	0.10%
5	Other Operating Revenue*	1,091.80	6.79%	2,169.74	8.77%	458.00	2.93%	151.29	1.99%
Total Revenue		16,064.24	100.00%	24,748.08	100%	15,611.46	100%	7,582.42	100%

Pursuant to the certificate dated January 10, 2024, from our Statutory and Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.
**Other Operating revenue includes sale of other HVAC parts like Tubing, Copper Pipes, rework of coils and HVAC parts etc.*

KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS ("KPIS")

The following table sets forth certain key financial performance indicators as per the Consolidated Restated Financial Information for the period ended on September 30, 2023, and as per the Standalone Restated Financial Information for the Financial Years ended on March 31, 2023, 2022 and 2021 is as under:

Financial KPIs of our Company

Particulars	For the period ended on September 30, 2023 (Consolidated)*#	For the Financial Year ended on March 31 (Standalone)#		
		2023	2022	2021
Revenue from Operations [1] (₹ in Lakhs)	16,064.24	24,748.08	15,611.46	7,582.42
Growth in Revenue from Operations [2] (%)	-	58.53%	105.89%	-
Gross Profit [3] (₹ in Lakhs)	4,047.06	6,379.84	2,633.25	1,235.76
Gross Profit Margin [4] (%)	25.19%	25.78%	16.87%	16.30%
EBITDA [5] (₹ in Lakhs)	2,914.20	4,931.75	1,693.56	542.58
EBITDA Margin [6] (%)	18.14%	19.93%	10.85%	7.16%
Profit After Tax [7] (₹ in Lakhs)	1,932.97	3,231.35	1,059.04	246.56
PAT Margin [8] (%)	12.03%	13.06%	6.78%	3.25%
RoE[9] (%)	27.78%	75.94%	54.88%	23.01%
RoCE [10] (%)	23.53%	50.46%	34.65%	15.75%
Net Fixed Asset Turnover [11] (In Times)	4.80	7.70	7.32	3.56
Net Working Capital Days [12]	70	65	36	14
Operating Cash Flows [13] (₹ in Lakhs)	-637.24	507.25	448.35	-133.11
Inventory Turnover Days [14]	98	76	38	26
Earnings per Share (Basic & Diluted) (adjusted after bonus)				
Basic [15]	4.39	7.34	2.41	0.56
Diluted [16]	4.39	7.34	2.41	0.56
Operating Profit before Working Capital Changes [17] (₹ in Lakhs)	3,116.29	5,136.99	1,874.51	651.34
Debt/EBITDA Ratio [18] (In Times)	1.55	0.74	1.31	3.07
NAV per Equity Share (Adjusted after bonus issue) [19]	18.08	13.54	5.80	2.97
Net Worth [20] (₹ in Lakhs)	7,957.08	5,957.01	2,553.15	1,306.02
Return on Net Worth [21] (%)	24.29%	54.24%	41.48%	18.88%

The Figure has been certified by our statutory auditors M/s. Keyur Shah & Co. Chartered Accountants vide their certificate dated January 10, 2024.
#The company has incurred a bonus issue of 3,96,00,000 equity shares having face value of ₹ 10/- each in the ratio of 9:1 i.e 9 equity shares for every 1 equity shares on February 23, 2023.
Notes:
** Not Annualized.*
(1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Information.
(2) Growth in Revenue from Operations (%) is calculated as a percentage of Revenue from Operations of the relevant period/year minus Revenue from Operations of the preceding period/year, divided by Revenue from Operations of the preceding period/year.
(3) Gross Profit is calculated as Revenue from Operations less Cost of Materials consumed, Purchase of Traded goods, Changes in inventories of finished goods and work-in-progress.
(4) Gross Profit Margin (%) is calculated as Gross Profit divided by Revenue from Operations.
(5) EBITDA is calculated as profit for the period/year, plus tax expenses (consisting of current tax, deferred tax and current

taxes relating to earlier years), finance costs and depreciation and amortisation expenses, less other income.
(6) EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.
(7) Profit After Tax Means Profit for the year as appearing in the Restated Financial Information.
(8) PAT Margin (%) is calculated as Profit for the period/year as a percentage of Revenue from Operations.
(9) RoE (Return on Equity) (%) is calculated as net profit after tax for the period/year divided by Average Shareholder Equity.
(10) RoCE (Return on Capital Employed) (%) is calculated as earnings before interest and taxes divided by capital employed.
(11) Net Fixed Asset Turnover is calculated as Net Turnover divided by Fixed Assets which consists of property, plant and equipment and capital work-in-progress.
(12) Net Working Capital Days is calculated as working capital (current assets minus current liabilities) as at the end of the period/year divided by revenue from operations multiplied by number of days in a period/year.
(13) Operating cash flows means net cash generated from operating activities as mentioned in the Restated Financial Information.
(14) Inventory Turnover Days is calculated as average inventory as at the end of the period/year divided by cost of goods sold multiplied by number of days in the period/year
(15) Earnings per Share (Basic) is calculated as Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of Equity Shares outstanding during the period/year.
(16) Earnings per Share (Diluted) is calculated from Net profit/ (loss) after tax, as restated attributable to equity shareholders divided by weighted average number of diluted Equity Shares outstanding during the period/year.
(17) Operating Profit before Working Capital Changes means cash generated before change of working capital adjustments.
(18) Debt/EBITDA Ratio is calculated as total Debts (includes Long term and short term borrowings) divided by EBITDA.
(19) NAV per Equity Share is calculated as Net Assets Value divided by No. of Equity Shares.
(20) Net Worth means Total Equity as mentioned in the Restated Financial Information.
(21) Return on Net Worth is calculated as profit after tax before exceptional items and other comprehensive income/ expenses divided by net worth.

Operational KPIs of the Company

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Years ended on (Standalone)		
		March 31, 2023	March 31, 2022	March 31, 2021
Total Quantity Sold (in Units)				
Evaporator Coils	1,07,118	*1,13,182*	*1,07,564*	*61,919*
Condenser Coils	1,42,313	*2,74,890*	*2,25,063*	*1,28,768*
Headers/ Copper Parts	53,513	*96,630*	*14,977*	*8,597*
Sheet Metal Parts	*929*	*7,138*	*652*	*765*
Total Quantity Produced (In units)				
Evaporator Coils	1,26,328	*1,13,027*	*1,07,356*	*63,188*
Condenser Coils	*1,73,678*	*3,05,944*	*2,26,300*	*1,29,685*
Headers/ Copper Parts	*3,33,528*	*4,85,552*	*3,60,118*	*2,00,366*
Sheet Metal Parts	*3,01,157*	*4,22,214*	*3,34,090*	*1,93,546*
Total Number of Customers served during the period/year	***81***	***112***	***95***	***86***
- International Clients	*17*	*16*	*10*	*4*
- Domestic Clients	*64*	*96*	*85*	*82*
Total Number of Employees	***485***	***478***	***307***	***261***
- Permanent Employees	*162*	*124*	*92*	*94*
- Trainee	*26*	*32*	*38*	*33*
- Contractual Employees	*297*	*322*	*177*	*134*

**The Figure has been certified by our statutory auditors M/s. Keyur Shah & Co. Chartered Accountants vide their certificate dated January 10, 2024.*

OUR STRENGTH

Promoters exhibit strong leadership and are supported by highly experienced senior management.

Our management team comprised of our Promoters who are a qualified engineers and have extensive experience and know-how in the engineering sector, including, business development, operations, administration, marketing, and human resource management.

We leverage the understanding and experience of our management to successfully oversee our operations and growth. Our founder, Promoter and Director Santosh Kumar Yadav has an experience of over 19 years in the business of manufacturing heat exchangers and refrigeration units. His responsibilities encompassed overseeing production processes, ensuring quality standards, and leading a team of engineers. We also benefit significantly from the qualified and experienced employees and workforce who possess the technical capability to further expand our business and operations. The details of technically qualified personnel in our Company are as under:

Particulars	Number of Qualified Employees
Diploma in Mechanical Engineering	29
Bachelors of Technology	16
Masters of Business Administration	1

We continuously strengthen our engineering expertise by providing in-house training to our workforce, to diversify and update their skill sets and keep them updated with the latest changes in manufacturing technologies and processes. The faith of the management in the workforce and their dedicated performance have enabled us to build a niche presence in the market.

Long-standing business relationships with leading clientele

We focus on building sustained and long-term client relationships with our clients and constantly try to cater to customer needs with products in demand. Our experience in automated production facilities is focused on research and development, coupled with technologically advanced, quality consistency on-time delivery and cost-competitive manufacturing technology processes has resulted in repeat orders from our key customer groups. The table set forth represents the continuous and long-standing business relationship of our customers with us since the incorporation of our Company.

Client's Name	Association Since
Daikin Airconditioning India Private Limited	2018
Schnieder Electric IT Business India Private Limited	2019
Kirloskar Chillers Private Limited	2020
Blue Star Limited	2021
Climaventa Climate Technologies Private Limited	2021

Our long-term relationship with our customers allows us to understand and cater to their diverse requirements, including the development of new products and helps us solicit new business from potential customers in the same industry.

Effective quality control checks

We maintain an in-house facility for checking the quality of our manufactured products. Our products go through stringent quality control checks such as Helium Leak Test, Water Leak Test, Contamination Test, Salt Spray Testing, Burst Pressure Testing and Pressure Cyclic Testing to ensure the best quality products are supplied to our customers. Key employees of our production team hold BS EN ISO-13585

certification, which specifies the basic requirements for the qualification testing of brazers and brazing operators which is one of the key processes of manufacturing heat exchangers.

The Company has a dedicated quality management team consisting of 41 employees including 25 contractual employees. The raw materials undergo a quality check, and we have internal procedures in place for procurement of the raw materials as the quality of the final product is dependent on them. Similarly for the quality checks of our final products, our units have dedicated personnel responsible for monitoring the parameters of equipment and strength of materials, reporting any irregularities in the manufacturing process and making adjustments accordingly. These multi-level quality checks ensure that we consistently provide good quality products, enhancing our brand value. For further details on the quality control measures undertaken by the Company, please refer to ***"Our Business- Quality Control"*** on page number 211.

Consistent financial performance

Our Company has grown from a single product to a multi-product manufacturing Company. We have demonstrated consistent growth in terms of revenues and profitability. The recognition of our product quality has enabled us to penetrate the heat exchanger products market and cater to new customers in addition to the Company's existing customer network. Increased acceptance of newer product categories due to improved designs and efficient pricing has further established the Company's reputation. A summary of our financial performance as per the Consolidated Restated Information for the period ended on September 30, 2023, and as per Standalone Restated Financial Information for the Financial Years ended March 31, 2023, 2022, 2021 is as under:

(Amount in ₹ Lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Years ended March 31 (Standalone)			CAGR Growth
		2023	2022	2021	
Revenue from Operations	16,064.24	24,748.08	15,611.46	7,582.42	48.34%
EBITDA	2,914.20	4,931.75	1,693.56	542.58	108.70%
EBITDA Margin (%)	18.14%	19.93%	10.85%	7.16%	-
Profit After Tax	1,932.97	3,231.35	1,059.04	246.56	135.77%
Profit after Tax Margin (%)	12.03%	13.06%	6.78%	3.25%	-
Return on Equity	27.78%	75.94%	54.88%	23.01%	-
Return on Capital Employed	23.53%	50.46%	34.65%	15.75%	-

For further details, please refer to ***"Key Financials and Operating Indicators"*** of ***"Our Business"*** page no. 195.

Established Manufacturing facility

Our registered office and the manufacturing facilities are located at renowned RIICO industrial areas of Neemrana city. Our manufacturing unit is equipped and capable of carrying out end-to-end manufacturing activities. For further information regarding the manufacturing units of the Company, please refer to ***"Our Business- Our Manufacturing Facilities"*** on page no. 208.

Our years of experience in precision engineering, strategically located production facilities, and focus on design, coupled with technologically advanced and cost-competitive manufacturing technology processes have enabled us to meet our customers' bespoke and stringent requirements. We have full-service capabilities across the product cycle including product design and development, material sourcing, designing, testing and measurement infrastructure, all under one roof to meet the requirement of our global customers. The entire process is carried out under one roof. Our dynamic setup not only gives us better control over quality but also benefits us with cost advantages compared

to our competitors who resort to job work for various activities in the complete manufacturing process. Our engineering expertise and technology-driven manufacturing processes have enabled us to deliver our products and provide timely solution to our customers in accordance with their designs and specifications, in a cost-effective manner without compromising on quality. For further information regarding the manufacturing units of the Company, please refer to ***"Our Business- Capacity Utilization"*** on page no. 207.

OUR BUSINESS STRATEGIES

Our focus is on utilizing our core strengths for expanding our operations in existing as well as new markets. Our Company meticulously engineered with a cutting-edge technology and aptly supported by an efficient team of trained personnel who marketed the product in unexplored markets, had soon positioned itself as one of the popular brands in Indian market and paved the way for acquiring bigger share of this competitive market. We intend to continue to provide high quality products to our clients and grow our business by leveraging our strengths and implementing the following strategies:

Expanding our customer base

We have served a total of 112 customers during the Financial Year 2022-23 wherein our top 10 customers account for 75.94% of our revenue from operations. During FY 22-23, we sold our products in 17 states in India and exported our products to 9 countries. Since at present we have a high dependency upon our top 10 customers to generate good sales, we intend to focus on deepening our penetration in our existing markets and thereby increase our presence by expanding our customer network. This aims to reduce dependency on our existing customers and mitigate the risk thereof, and provide us an opportunity to tap into new markets. For further details please refer to ***"Risk Factor No. 3` - We derive 33.89%, 32.85%, 32.28% and 37.71% of our revenue from our top key customer during the period ended on September 30, 2023, and for the Financial Years ended on March 31, 2023, 2022 and 2021 respectively and 75.94%, 70.87%, 75.82% and 78.36% of our revenue from our top 10 key customers during the period ended on September 30, 2023, and for the Financial Years ended on March 31, 2023, 2022 and 2021 respectively. The loss of one or more such customers or deterioration of their financial condition or prospects, or a reduction in their requirement for our products could adversely affect our business, results of operations, financial condition and cash flows"*** on page 36.

We intend to cater to the increasing demand of our existing customers by enhancing the distribution of our products. Expanding our presence in additional regions will enable us to reach out to a larger market. As per this strategy, our manufacturing presence in domestic and international markets will position us to capitalize on the expected growth in demand for heat exchangers, providing significant opportunities for growth in existing market share. Further, keeping pace with the market trends, we have started to expand our business into various other sizes and products. The details of our increasing customer base represented through new customers onboarded by us for the period ended on September 30, 2023 and in the Financial Years ended on March 31 2023, 2022 and 2021 is as under:

Particulars	For the Period ended on September 30, 2023	For the Financial Years ended on March, 31		
		2023	2022	2021
New Domestic Customers onboarded	15	35	36	49
New International Customers onboarded	8	9	7	3
Total New Customers onboarded	**23**	**44**	**43**	**52**

Pursuant to the certificate dated January 05, 2024, from our Statutory and Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.

Focus on increasing operational efficiencies to improve returns.

Offering quality products at attractive prices is a key aspect of maintaining and expanding our Business Operations. To that end, we have adopted several initiatives designed to improve our cost efficiency, and as one of our primary business strategies we intend to continue improving our cost efficiency. Over the past 3 Financial Years, we have seen an increase in our operational efficiencies and the results of the same are reflected on our financial performance as per the Consolidated Restated Information for the period ended September 30, 2023, and as per Standalone Restated Information for the Financial Year ended March 31, 2023, 2022, 2021 which is as under:

(Amount in ₹ Lakhs)

Particulars	For the Period ended on September 30, 2023 (Consolidated)	For the Financial Years ended March 31 (Standalone)			CAGR Growth
		2023	2022	2021	
Revenue from Operations	16,064.24	24,748.08	15,611.46	7,582.42	48.34%
Gross Profit	4,047.06	6,379.84	2,633.25	1,235.76	72.83%
Gross Profit Margin (%)	25.19%	25.78%	16.87%	16.30%	-
Net Profit	1,932.97	3,231.35	1,059.04	246.56	135.77%
Net Profit Margin (%)	12.03%	13.06%	6.78%	3.25%	-

We intend to use a variety of other manufacturing strategies, sourcing strategies and cost reduction strategies to continue to improve our operational efficiencies. For example, we are working on improving efficiency and manpower optimization, continually working on cost reduction including applying value analysis techniques to our products to reduce cost.

Enhancing existing products base and product quality

Offering high quality and safety complying products is of much importance for customer retention and repeat-order flow. We intend to have close interaction with our customers to strengthen our relationships with them and enable us to understand the market perception and demand for our products. For further details on our product portfolio, please refer to ***"Our Business- Our Product"*** page no. 202.

Similarly, to increase our existing portfolio, we have incorporated our wholly owned subsidiary namely ***KRN HVAC Products Private Limited*** on April 07, 2023 wherein we are setting up a new manufacturing facility to manufacture products that are at present not manufactured by us, using the Net Proceeds of the Issue. The details of the products to be manufactured in the proposed manufacturing facility of our wholly owned subsidiary is as under:

S. No.	Products	Application	Use Case
1	Bar & Plate Heat Exchanger	The Bar & plate Heat Exchanger is a device that permits recovery of the Heat contained in a fluid being transferred to another fluid. Both fluids never touch each other because they are separated by metallic sheets. These sheets, which are called plates, are very Fine and grooved to enable the diffusion of the greatest amount of Heat through each surface unit. The plate Heat Exchanger has been made to guarantee a Heat interchange with the highest security.	1. It is used in Railway locomotive for transformer and convertor oil cooler. 2. It is used in screw & centrifugal air compressors as air cooler. 3. Used as Metro train engine cooling unit and Transmission oil cooling units. 4. It is used in defence vehicles (Tanks) as radiator and oil cooler. 5. Used as charge air coolers and oil coolers of Diesel Engine or DG sets. 6. Used as oil cooler for heavy earth moving vehicles. 7. It is used in Oil rigs and mining equipment's.

S. No.	Products	Application	Use Case
2	Oil Cooling Unit with Blower & Motor	An oil cooler is a separate, smaller radiator to an engine's main radiator, which maintains an oil supply at a consistent, optimal temperature. It's purpose is to cool the oil passing through the coils, thus improving the engine and the transmission's lifetime. They are situated in front of an engine's cooling system.	1. It is specifically used as a cooling unit for locomotives/Railways. 2. It is also used in automotive vehicles as cooling unit.
3	Roll Bond Evaporator	Roll-Bond evaporators provide unique design flexibility for direct cooling refrigeration systems. Roll-Bond evaporators deliver efficient thermal performance in a product that can be shaped to fit most applications.	It is used in refrigerators as an evaporator/freezer

Our Company's strategy is focused on introducing new product designs to cater to the requirements of our customers as well as garnering the attention of more customers. This helps in strengthening the relationship with the existing customer network through a wide range of products while also onboarding new customers from untapped geographies. Identifying and developing new products and designs is a continuous exercise that our management team engages in as there is an immense demand in the global markets for unique designs, good quality and competitively priced products.

Regular Improvement in product design and development

Our Company has a dedicated in-house product design and development centre in our manufacturing facilities situated at Plot No. F-46,47,48,49 EPIP, RIICO Industrial Area Neemrana, Neemrana, Rajasthan 301705. Our Design team focus on the development of new designs of heat exchangers as per product specifications provided by our customers to enhance the efficiency of their products. During the period ended on September 30, 2023 and for the Financial Year ended on March 31 2023, 2022 and 2021, the details of the total expenditure incurred by our Company on product design and development activities are as under:

(Amount in ₹ Lakhs)

Particular	For the period ended on	For the Financial Years ended on March 31		
	September 30, 2023	2023	2022	2021
Product design and Development Expense	11.88	19.31	12.95	13.59

Pursuant to the certificate dated January 04, 2024, from our Statutory and Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.

Our product design and development operations are supported by a team of 7 employees. We intend to expand our product design and development operations to provide best of its kind heat exchangers to our customers which will help us in achieving above stated business strategies.

Increasing our global footprint and augmenting growth in current geographies

With a view to further diversify our customer base and increase our market share, we intend to augment our sales in the markets where we sell our products as well as expand into new geographies. Over the last several years, our Company has consistently expanded its customer network across Europe, and this continues to be one of the core strategies of our Company for the future. Having a wider product portfolio and an established brand presence in existing products provides confidence to new customers to engage with our Company. The details of the revenue generated in different continents by our Company as per the Consolidated Restated Information for the period ended

September 30, 2023, and as per Standalone Restated Information for the Financial Year ended March 31, 2023, 2022, 2021 is as follows:

(Amount in ₹ Lakhs)

Continents	For the Period ended September 30, 2023		For the Financial Years ended on March 31					
			2022-23		2021-22		2020-21	
	Total Revenue	%age of total revenue	Total Revenue	%age of total revenue	Total Revenue	%age of total revenue	Total Revenue	%age of total revenue
Europe	339.35	2.11%	621.18	2.51%	95.53	0.61%	1.37	0.02%
North America	532.50	3.31%	753.75	3.05%	13.83	0.09%	0.00	0.00%
Asia*	1,500.35	9.35%	1,445.33	5.84%	1,384.27	8.87%	404.54	5.34%
Australia	-	-	-	-	-	-	0.04	0.00%
Total Export Revenue	2,372.20	14.77%	2,820.26	11.40%	1,493.63	9.57%	405.95	5.36%
Total Revenue	**16,024.24**	**100%**	**24,748.08**	**100%**	**15,611.46**	**100%**	**7,582.42**	**100%**

Pursuant to the certificate dated January 05, 2024, from our Statutory and Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.

**Asian sales do not include Domestic Sales i.e., Sales made in India.*

We will continue to focus our efforts on selected geographies such as North America and Europe and establish a greater presence in these regions. Our growth strategy in these markets will be to create a strong local presence and foster connections, and leverage expertise with required development capabilities to exploit the growth potential offered by these markets. Our strong focus will remain on acquiring new customers, retaining existing customers and offering good quality products. For further information on the export sales, please refer to ***"Our Business-Overview"*** on page no. 189.

OUR PRODUCTS

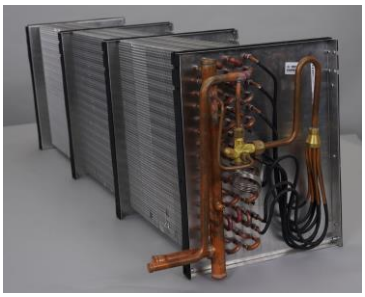
We are the in the business of manufacturing aluminium and copper fin – copper tube condenser and evaporator coils used by OEMs in heating, ventilation, air conditioning, and refrigeration (HVAC&R) industry. Our coils are used in heating equipment, ventilation equipment, and cooling or air-conditioning equipment used in domestic, commercial, and industrial HVAC systems to control the temperature, humidity, and purity of the air.

Our product portfolio includes evaporator coils, condenser coils, fluid and steam coils, condensing units, copper headers parts, sheet metal parts. A brief of the same is given below:

1. Evaporator Coils

Evaporator coils are vital components in various cooling systems, such as close control air conditioners, rooftops, showcasing units, fan coils, dryers, and more. Their primary function is to extract indoor heat from the air and transfer it to the refrigerant flowing through their copper tubing. Fins on the coil significantly increase the surface area, dramatically improving heat conducting efficiency and facilitating better heat exchange between the refrigerant and the air. This efficient heat transfer ensures that a larger volume of warm air is cooled down as it passes through the coil. As a result, the cooled air is then circulated back into the indoor space, providing the desired cooling effect for a comfortable environment. The refrigerant, having absorbed the indoor heat, transforms into a gas through the process of evaporation. The gaseous refrigerant leaves the evaporator coil and undergoes compression in the compressor, followed by condensation in the condenser coil, where it releases the absorbed heat. This completes the continuous cooling cycle, maintaining the desired indoor temperature while removing heat from the air. Regular maintenance and cleaning of the evaporator coil are essential to ensure optimal cooling performance and energy efficiency of the cooling system.





2. Condenser Coils

Condensers play a crucial role in various heating, ventilation, and air conditioning (HVAC) systems, as well as refrigeration units. These devices are designed to release heat into the surrounding environment, typically the outdoor air, thereby facilitating the conversion of vapor into a liquid state. In this process, the refrigerant within the system undergoes a phase change, releasing heat energy as it condenses.

To optimize the efficiency and compactness of condensing units and chillers, bent coils with end plates have emerged as a widely adopted solution in both domestic and commercial applications. These coils are carefully designed and crafted to maximize surface area, enhancing the heat transfer process and ensuring effective cooling.

The manufacturing process involves precision bending of the coils to create a compact and space-saving layout. Additionally, end plates are strategically placed to contain the refrigerant within the coils, preventing leaks and promoting efficient heat exchange.
By employing bent coils with end plates, condensing units and chillers can achieve better heat dissipation, allowing for higher performance and reduced energy consumption. The compact design also benefits installations with limited space availability, making it an ideal choice for various applications ranging from household air conditioners to large-scale industrial cooling systems.

In conclusion, the innovative design and manufacturing of bent coils with end plates have revolutionized the condenser industry, providing reliable and efficient heat release solutions for diverse domestic and commercial needs.





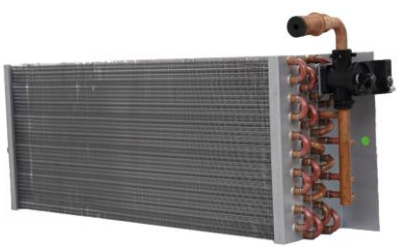
3. Fluid and Steam Coils

Fluid coils are essential components in HVAC systems used to heat or cool air within a conditioned space. They are integrated into Air Handling Units (AHUs) to efficiently capture and transfer the warmth or chill in the air or water, preventing unnecessary energy losses. These coils play a crucial role in maintaining the desired temperature and comfort levels in buildings and industrial processes.

Steam coils are a type of heat exchanger commonly used in various industrial applications, particularly in air heating and processing systems. They find extensive use in HVAC systems, power generation plants, food storage and processing facilities, and military installations.

In operation, steam coils function by transferring thermal energy from steam to the air passing over the coil's surface. The steam's heat is transferred to the air, thereby warming it up, and the condensed water is collected and removed from the system. Similarly, steam coils can be utilized in cooling applications, where chilled water or refrigerant is circulated within the coil, extracting heat from the air and cooling the space.

Due to their efficiency and versatility, steam coils are widely favored in industrial settings, where precise temperature control and reliable performance are vital. Their ability to handle large airflow volumes and high-temperature differentials makes them indispensable in various processes, ensuring optimal conditions and energy efficiency across multiple industries.





4. Condensing Units and Air-cooling Units

Our Company specializes in custom manufacturing condensing and air-cooling units tailored to meet the unique requirements of our customers' projects. The condensing unit, a crucial component in refrigeration systems, is comprised of a compressor, condenser coil, and fan motor, all interconnected through pipelines and housed within a durable mounting plate or a closed casing. These units are operated through an intuitive control panel, ensuring efficient and precise regulation.

We are able to custom manufacture both condensing and cooling units of various sizes and designs based on the project of the customer.





5. Headers / Copper Parts

The use of state-of-the-art machines like CNC tube bender, CNC end forming, CNC flute punching, and Tube T-drill in the production process of headers is instrumental in ensuring the high-quality construction of these components. CNC technology allows for precise and consistent bending, forming, and punching of tubes, resulting in headers with accurate dimensions and minimal imperfections.





6. Sheet Metal Parts

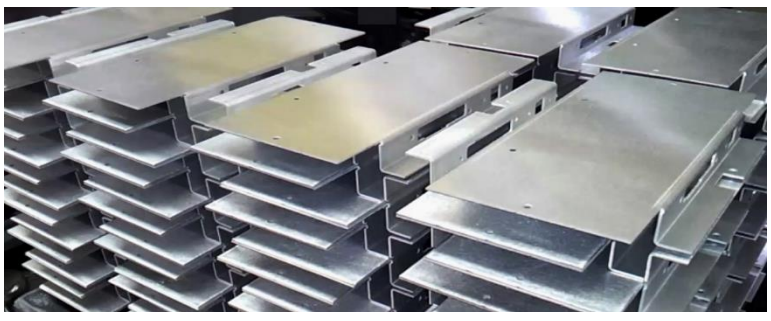
As a manufacturer of sheet metal components, our Company holds a crucial role in the HVAC industry by producing both standard and custom-designed parts like end plates for in-house assembly of evaporator and condenser coils, as well as condensing units. The utilization of hydraulic machines and advanced CNC punching machines like NCT turret punch press empowers our plant with the capability to customize sheet metals precisely to any cut or punch, meeting the unique design specifications of our clients.

The availability of both standard and custom options sets our Company apart, providing clients with a diverse range of solutions to suit their specific requirements. Standard components offer consistency and ease of integration, while custom-designed parts allow for tailor-made solutions, ensuring optimal performance and efficiency in the final HVAC systems.

The CNC punching machines play a pivotal role in our production process. With their precision and speed, they enable efficient fabrication of intricate designs and complex patterns, ensuring the highest quality output. By being able to cater to various designs and configurations, our Company can serve a broader clientele, including those with specialized needs and niche applications.

Our well-equipped plant and reliance on cutting-edge technology give us a competitive advantage in the market, enabling us to deliver top-notch sheet metal components that align with industry standards and meet or exceed our clients' expectations. The ability to produce custom designs efficiently allows us to be a preferred partner for HVAC system manufacturers, further bolstering our reputation and solidifying our position in the industry.





RAW MATERIAL

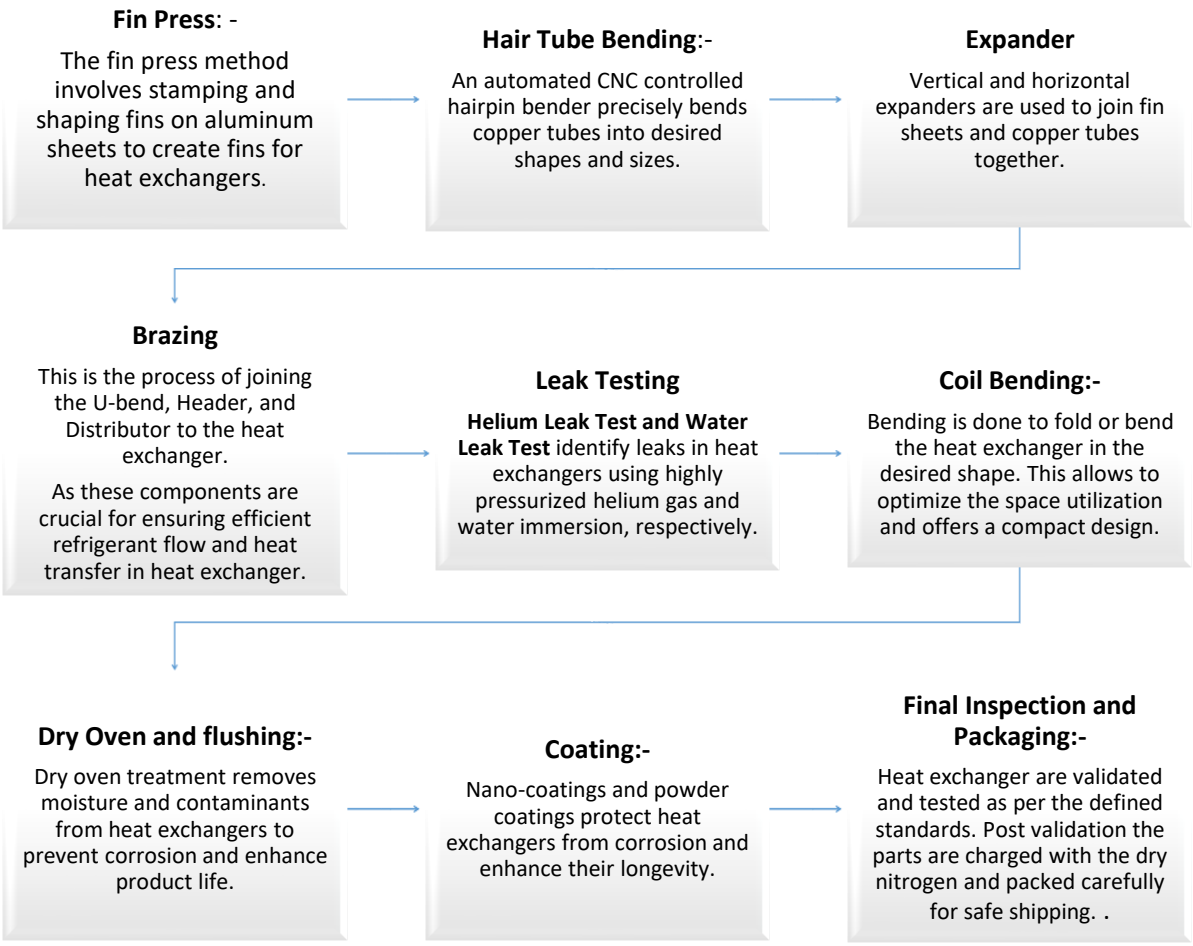
The raw material used in the manufacturing of products are procured from suppliers available either locally or from suppliers available in different regions of India and outside India. Our Company procures raw materials from vendors selected after analysis of quotation received from every vendor for each raw material and by-products used in our manufacturing process. Additionally, the quality of the raw material is also verified before making the order of the material to make sure that the superior quality of the material should be used in manufacturing of our product. Some of the major raw materials used are given as under:

S. No.	Type of Raw Material	Usage in the manufacturing process	Source (Imported / Indigenous)
1.	Aluminium Foil	Fin Making	Imported
2.	Copper Foil	Fin Making	Indigenous
3.	Copper Tube	Hair Pin and Header Making	Imported
4.	Galvanise Sheet	End Plates Making	Indigenous
5.	Brass Sheet/ Brass Parts	End Plates Making /Distribution	Indigenous
6.	Copper Sheet	End Plates Making	Indigenous
7.	Aluminium Sheet	End Plates Making	Indigenous
8.	Stainless Steel	End Plates Making	Indigenous

We have an end-to-end manufacturing unit that converts the raw material into the finished goods in the form of heat exchangers. We maintain long standing relationship with our suppliers for the consistent supply of raw materials. This allows us to partially control operating costs, quality, and stability in the supply of essential raw materials for our formulations, which we rely upon to provide us with a competitive advantage. In addition, our manufacturing facilities are supported by our own packing material sites.

MANUFACTURING PROCESS

A breif overview of our manufacturing process is as under:



CAPACITY UTILIZATION

The following table sets forth the installed production capacity, actual production volumes, and capacity utilization of the Company's manufacturing plants, calculated on the basis of total installed production capacity and actual production volumes as of/ for the periods indicated below:

1. Evaporator & Condenser Coils

Product Name	Particulars	UOM	FY 2020-21	FY 2021-22	FY 2022-23	For the Period Ended September 30, 2023
Evaporator & Condenser Coils	Installed Capacity#	Nos	3,89,718	5,48,412	5,66,551	5,66,551
	Actual Production Evaporator coils	Nos	63,188	1,07,356	1,13,027	1,26,328
	Actual Production condenser coils	Nos	1,29,685	2,26,300	3,05,944	1,73,678
	Capacity Utilization (%)	Nos	49.50%	60.80%	74.00%	53.00%

*#The Installed Capacity is based on the average size of [1500 mm L * 20 Hole * 3 Row * 11 FPI], however the actual installed capacity may depend upon the type of size of the Evaporator & Condenser Coils. The equipment's for the production of evaporator and condenser coils are common.*
**The Production Capacity of our products have increased in every Financial Year due to acquisition of machines with adding specification/variety in our product range.*

2. **Headers/ Copper Parts**

Product Name	Particulars	UOM	FY 2020-21	FY 2021-22	FY 2022-23	For the Period Ended September 30, 2023
Headers/ Copper Parts	Installed Capacity[#]	Nos	618,667	618,667	618,667	618,667
	Actual Production	Nos	2,00,366	3,60,118	4,85,552	3,33,528
	Capacity Utilization (%)		32.40%	58.20%	78.50%	53.90%

*#The Installed Capacity is based on the average size of [12.7 mm Tube diameter * 600 mm length * 7 hole], however the actual installed capacity may depend upon the type of size of the Headers/Copper Parts.*
**The Production Capacity include inhouse requirement of header and copper parts and outside sell quantity.*

3. **Sheet Metal Parts**

Product Name	Particulars	UOM	FY 2020-21	FY 2021-22	FY 2022-23	For the Period Ended September 30, 2023
Sheet Metal Parts	Installed Capacity[#]	Nos	5,56,800	5,56,800	5,56,800	5,56,800
	Actual Production	Nos	1,93,546	3,34,090	4,22,214	3,01,157
	Capacity Utilization (%)		34.80%	60.00%	75.80%	54.10%

*#The Installed Capacity is based on the average size of [900 mm Length * 30 mm width * 0.8 mm thick], however the actual installed capacity may depend upon the type of size of the Sheet Metal Parts.*
** The Production Capacity include inhouse requirement of sheet metal parts and outside sell quantity*

Pursuant to Chartered Engineer Certificate January 01, 2024

OUR MANUFACTURING FACILITIES

The details of our business locations and manufacturing units is as under:

S. No	Particular	Address
1	Registered Office / Corporate Office	Plot No. F-46,47,48,49 EPIP, RIICO Industrial Area Neemrana, Neemrana, Rajasthan 301705
2	Manufacturing Unit	Plot No. F-48-49 EPIP, RIICO Industrial Area Neemrana, Neemrana, Rajasthan 301705
		Plot No. F-46-47 EPIP, RIICO Industrial Area Neemrana, Neemrana, Alwar, Rajasthan 301705
3	Warehouse*	Plot No. F-44 EPIP, RIICO Industrial Area Neemrana, Neemrana, Alwar, Rajasthan 301705

**Factory License for Plot No. F-44 EPIP, RIICO Industrial Area Neemrana, Neemrana, Alwar, Rajasthan 301705, was received on January 04. 2024. But as on the date of filling this DRHP, it is been used as a Warehouse of the Company.*

For further details regarding ownership and lease of the above locations, please refer to ***"Our Business – Properties"*** on page 214.

CUSTOMERS

In Financial Year ended on March 31, 2023 we have a customer base of over **112** customers, diversified across geographies. We have deeply entrenched and long-established relationships with most of our customers and since they are diversified across the globe, it provides us with an opportunity to tap into new markets across the globe and expand our customer base. Our single largest customer contributed 33.89%, 32.85%, 32.28% and 37.71%, respectively, of our revenue from operations for the period ended on September 30, 2023 and in Financial Years 2023, 2022 and 2021. The table below

sets forth the share of our top 10 customers in the total revenue for the period ended on September 30, 2023 and in Financial Year 2023, 2022 and 2021:

Particulars	Amount in ₹ Lakhs	Percentage of total revenue
For the Period ended 30 September 2023	**12,198.82**	**75.94%**
FY 22-23	**17,540.09**	**70.87%**
FY 21-22	**11,835.45**	**75.82%**
FY 20-21	**5,942.82**	**78.36%**

Pursuant to the certificate dated December 26, 2023, from our Statutory and Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.

SUPPLIERS

In the Financial Year ended March 31, 2023 we have a supplier base of over 200 suppliers, diversified across geographies. We have deeply entrenched and long-established relationships with most of our suppliers. Our single largest supplier contributed 12.98%, 17.29% ,17.46% and 16.50%, respectively, of our total purchases for the period ended on September 30, 2023 and in Financial Year ended March 31 2023, 2022 and 2021. The table below sets forth the share of our top 10 suppliers in the total purchases for the period ended on September 30, 2023 and in Fiscal 2023, 2022 and 2021:

Particulars	Amount in ₹ Lakhs	Percentage of total purchases
For the Period ended 30 September 2023	**10,630.93**	**78.76%**
FY 22-23	**16,486.00**	**78.48%**
FY 21-22	**9,734.18**	**70.07%**
FY 20-21	**4,947.74**	**78.48%**

Pursuant to the certificate dated December 26, 2023, from our Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.

PLANT AND MACHINERY

Our manufacturing units have modern and latest technology machines for production and testing. We have constantly invested and upgraded our equipment which has aided us in providing best quality output for our clients.

The owned plant and machinery details as on September 30, 2023 are as follows:

Process	Quantity of Machines	Source (Imported / Indigenous)
Fin Processing	8	**Indigenous**
Fin Processing	16	**Imported**
Vertical Expansion Processing	3	**Indigenous**
Vertical Expansion Processing	9	**Imported**
Tube Processing	5	**Imported**
Bending	1	**Indigenous**
Bending	1	**Imported**
Brazing Processing	24	**Indigenous**
Drying & Cleaning	8	**Indigenous**
Header (Piping) processing	26	**Indigenous**
Header (Piping) processing	3	**Imported**
Material Handling	148	**Indigenous**

Process	Quantity of Machines	Source (Imported / Indigenous)
Painting	5	**Indigenous**
Sheet Metal Processing	25	**Indigenous**
Sheet Metal Processing	1	**Imported**
Testing	33	**Indigenous**
Tools	16	**Indigenous**
Utility	134	**Indigenous**
Total	**466**	**-**

Pursuant to the certificate dated January 09, 2024, from our Statutory and Peer Review Auditor M/s Keyur Shah and Co., Chartered Accountants.

UTILITIES AND INFRASTRUCTURE FACILITIES

POWER

Our Company requires power at the manufacturing facilities and office for lighting, systems, equipment's, and machines for running etc. Adequate power is available which is met through the electric supply by respective area electricity Board and our Company installed transformer of 800 KVA.

WATER

Water is required for domestic as well as industrial purposes and adequate water sources are available at the existing premises provided through government supply and RO waters in campers.

ENVIRONMENT SOCIAL AND CORPORATE GOVERNANCE INITIATIVES

We are subject to extensive, evolving and increasingly stringent occupational safety, health and environmental laws and regulations governing our operations. Our safety, health and environmental practices are robust and are continuously updated to adapt to the safety, health and environmental practices, rules and regulations of the geography we operate in. We conduct external tests of our safety mechanisms every year to comply with the requirements of the Health & Safety Management System (ISO 45001:2018) and Environmental Management System (ISO 14001:2015).

Our Company is exempted from the provision of section 135 of the Companies Act, 2013, till March 31, 2022, in respect of Corporate Social Responsibility. The Company has set up the CSR Committee and adopted the CSR Policy in compliance with the provision of Section 135 of the Companies Act, 2013 and the rules made thereunder. We have contributed to CSR initiatives across domains such as providing free education to children including free tuition, free uniforms, free conveyance and free books. Recently, we have contributed towards women empowerment by providing training for encouraging entrepreneurship activities among women.

The total expenditure required to be spent for the Financial Year ended on March 31, 2023 was **₹ 17.06 lakhs** and this requirement was fulfilled till September 30th, 2023.

HEALTH, EMPLOYEE AND ENVIRONMENT SAFETY

The health and safety of our employees is very important to us. We have established various measures to eliminate and reduce the risk of workplace accidents at our facilities and properties. We have obtained the ISO 45001:2018 Occupational Health and Safety Management Systems which specifies requirements for an occupational health and safety (OH&S) management system, and gives guidance for its use, to enable organizations to provide safe and healthy workplaces by preventing work-related injury and ill health, as well as by proactively improving its OH&S performance. We also have a Group

Personal Accident Cover which allows the Company to safeguard the interest of its employees. Along with the personal accident cover, we also have a group Health (Floater) Insurance which is a health insurance cover for the employees and their dependents to safeguard them financially in case of any mis-happenings. We provide adequate safety equipment like safety shoes, safety glasses, Hand Gloves and other safety equipment to workers working on the shop floor. (food for employees).

SALES AND MARKETING SETUP

Marketing is an important function of any organization, and our Company is no exception to it. We have deployed a team of efficient marketing professionals for the marketing and promotion of our products. We have some reputed companies in this industry as our customers. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our promoter Mr. Santosh Kumar Yadav, along with our team through his vast experience and good connections with the clients and owing to timely delivery of quality and safe products plays an instrumental role in creating and expanding the work platform for our Company. To retain our customers, our team regularly interacts with them and focuses on gaining insight into the additional needs of such customers. We have spread our presence to domestic markets with large sales potential, low infrastructure costs and the availability of professional expertise. We have an experienced and skilled management team to motivate the subordinates and staff to step toward their achievements and organizational goals. With their efficient management skills and coordination with subordinates, they are always working as a catalyst to encourage the entire team for the development and nourishment of the organization.

Along with this, to expand our international presence, we have hired a professional sales staff based out of Czech Republic who helps in engaging and bringing on new clients in the international market which in turn helps in increasing our exports and maintaining our relations with international clients.

Regular interaction is ensured not only to maintain the client base but also to gain insight into the design and specification needs of our diverse clientele. With large sales potential, year-round production, high demand of our products, streamlined manufacturing process, raw material proximity, some extent of backward integration and availability of professional and technical expertise of our Promoters, we plan to grow geographically in the foreseeable period.

Looking into this aspect, our marketing strategy is framed in the following way:

- focusing on the customers
- making the effort to become a preferred supplier early in the process.
- interacting with customers at multiple levels.
- extending the product offering by adding services.
- Focusing on the development of “adjacent” products, markets, and applications.

We also in place an effective feedback procedure for our clients regarding our products which helps us in improving and maintaining the efficiency of our products and achieving the desired level of customer satisfaction.

QUALITY MANAGEMENT

Our Company has integrated the latest technology in plant and machinery to deliver exceptional products. Committed to maintaining high-quality standards, the Company has established a well-equipped quality control lab featuring cutting-edge testing equipment for comprehensive assessments. Throughout the production process, strict quality checks are in place to ensure the products meet the prescribed standards. These checks encompass various stages, starting from raw

materials procurement to the final output, guaranteeing consistency and excellence. By adhering to stringent quality control measures, the Company is committed to producing goods of superior quality.

We have adopted various internal and external processes and standards to establish our quality management system to ensure consistent delivery of quality products across our client engagements. We give massive emphasis on the quality of our products and services and we have also adopted the following globally recognized standards:

- Quality management systems: ISO 9001:2015 certification for our facilities.
- Environmental Management Systems: ISO 14001:2015 certification for our facilities.
- Occupation health and safety management systems: ISO 45001:2018 certification for our facilities
- All our employees are bound to comply with Code of Conduct and are adequately trained to ensure such compliance.

Our Company also has an in-house quality control systems and processes to assure the quality of our products and maintain the standard of our deliverables. The products are put through several quality check processes namely:

1) Helium Leak Test
2) Water Leak Test
3) Contamination test
4) Salt spray testing
5) Burst pressure testing.
6) Pressure cyclic testing

For further details refer to ***"Our Business - Manufacturing Process"*** on page 206.

INVENTORY MANAGEMENT

We have an efficient inventory management system. There are several key factors upon which the inventory management is carried out at our establishment which are: -

1) **Demand Forecasting**: Utilize historical data and market trends to predict demand and plan production accordingly. Based on customer forecasts, we do material planning for RM & other resources.

2) **Supplier Collaboration**: Foster strong relationships with suppliers for timely delivery of raw materials and components by preparing supplier delivery tracking sheet, material shortage follow-up sheet and raw material tracking sheets.

3) **Production Scheduling**: Align inventory levels with production schedules to minimize excess stock and reduce carrying costs by using the production cum machine planning sheet prepared by the production department.

4) **Minimum Stock Limit /Safety Stock**: Maintain safety stock to handle unexpected demand spikes, supply chain disruptions, or production delays.

5) **Quality Control:** Enforce strict quality standards to ensure that incoming materials meet specifications and prevent defects using IQC standards and regular reporting on quality control assessments.

6) **Technology Integration:** Leverage inventory management SAP software to track stock levels, automate reorder processes, and generate insights.

SECURITY

We have instituted stringent controls and mechanisms to monitor the movement of goods and raw materials within the manufacturing facility as well as during external transportation. Our operation manuals direct the staff to keep strict tallies of the stock at the daily opening and closing of the manufacturing facility, and to account for the stock while it is moving from one place to another place within the manufacturing facility. We have installed closed-circuit television cameras on our premises to monitor staff during working hours.

We have installed CCTVs linked to digital video recorders at our premise locations for remote monitoring of our inventory. The management of the Company has access to monitor the locations, centrally, on a real-time basis. The CCTV footage is, however, monitored at regular intervals to ensure centralized control over the stores.

We have hired security guards at the entrance of our premises who are always on duty. We have monitoring systems to ensure that security personnel are always on duty.

COMPETITION

The industry in which we operate is unorganized and fragmented with many small and medium-sized companies. We compete with our industry peers based on product quality, price, and reliability. Our scale and scope of our operations allow us to meet our customer's requirements better than our competitors. Due to industry's fragmented nature, there is no authentic data available to our Company on total industry size and market share of our Company vis-a-vis the competitors.

The principal elements of competition in our industry are quality, technical ability, performance record, sustainable relationship with existing clients and vendors, use of technically upgraded plant and machinery, timely delivery, and reliability. We compete against our competitors by establishing ourselves as knowledge-based production unit with industry expertise in the segment which enables us to provide our clients with quality products. However, price is the deciding factor in most cases.

COLLABORATION

There is no collaboration as on the date of filling of this Draft Red Herring Prospectus.

HUMAN RESOURCES

Our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-set, interests and background that would be an asset to our business.

As on January 03, 2024, we had 534 employees, including 385 contractual employees, which are divided into several departments like Design, Finance, Human Resource, Legal Department, Production department, Quality Management team etc. We seek to maintain a culture of innovation by empowering our employees at all levels of our organization. Our success depends upon our ability to attract, develop, motivate and retain highly skilled and multi-dimensional team members. Our people management strategy is based on four key components: recruiting, training and development, compensation, and retention. The division of our employees according to the different departments is mentioned in the table below:

Function	Employees on Payroll	Contractual Employees	Department Total
Design Department	7	0	7
Finance Department	5	1	6
Human Resource Department	2	1	3
Legal Department	1	0	1
Logistics Department	5	6	11
Maintenance Department	10	6	16
Production Department	88	313	401
Production Planning and control (PPC) department	3	0	3
Purchase Department	3	1	4
Quality Management Team	16	25	41
Sales Department	2	0	2
Store Department	5	4	9
Security	2	11	13
IT Department	0	1	1
Canteen	0	9	9
Housekeeping	0	7	7
Grand Total	**149**	**385**	**534**

Further, we have not experienced any strikes, work stoppages, labour disputes or actions by or with our employees, and we have cordial relationship with our employees.

PROPERTIES

Leased Properties

S. No.	Particulars of the property, location, description and area	Agreement Date	Seller/ Lessor	Tenure/ Term	Usage	Annual Rent
1.	Plot No F 48-49 Located At EPIP, RIICO Industrial Area having area measuring 3900 Sq. mtrs.	Sale Deed dated 18.10.2017 and permission letter of RIICO Date 30.11.2017	Alfa Powerlink Genset (India) Private Limited	86.6 Years	Manufacturing Unit	47,535
2.	Plot No F 46-47 Located At EPIP, RIICO Industrial Area having area measuring 3900 Sq. mtrs.	Sale Deed of certificate of sale under Security Interest (Enforcement Rules,2002) dated 27.05.2020 and Permission Letter of RIICO Dated 30.06.2020	Non-Performing Assets of Icon Cable Limited Purchased Through Auction Announced by the State Bank of India	83.6 Years		47,535
3.	Plot No F-44 Located At EPIP,	Sale Deed dated 11.04.2022 and RIICO	Jayh Infratech Private Limited	81.60 Years	Warehouse*	23,758

S. No.	Particulars of the property, location, description and area	Agreement Date	Seller/ Lessor	Tenure/ Term	Usage	Annual Rent
	RIICO Industrial Area having area measuring 1950 Sq. mtrs.	Permission Letter Dated 24.06.2022 in reference of the above sale deed				

**The Factory License for plot no. F-44 EPIP, RIICO Industrial Area, Neemrana, Neemrana, Alwar, Rajasthan- 301705, was received on January 04, 2024. But as on the date of filling of this DRHP, it is being used as a Warehouse of the Company.*

INSURANCE

We have taken insurance to cover for material risks to operations and revenues. The details of which are as follows:

S. No	Name of the Company	Insurance Name	Policy Number	Insured Amount (In Rs. Lakhs)	Date of Expiry
1	ICICI Lombard General Insurance Company Ltd	Group Health (Floater) Insurance Policy	4016/X/297814226/00/000	112.00	June 27, 2024
2	ICICI Lombard General Insurance Company Ltd	Group Personal Accident Policy	4005/297911638/00/000	610.00	June 27, 2024
3	United India Insurance Company Limited	General Liability Insurance Policy	1417012723P103306874	900.00	June 26, 2024
4	National Insurance Company Limited	Industrial Risk Policy (Raw Material, Stock, Fire and Plant and Machinery)	376010112310000002	13,200.00	July 22, 2024
5	National Insurance Company Limited	Marine Insurance	376010212310000009	32,500.00	August 12, 2024
6	ICICI Lombard General Insurance Company Ltd	Vehicle Insurance	3001/O/MB148741/00/000	57.53	October 9, 2024
7	HDFC Ergo General Insurance Company Ltd	Vehicle Insurance	2302205767857900000	10.60	October 16, 2024
8	National Insurance Company Limited	Vehicle Insurance	376010312310000849	3.50	August 29, 2024
9	National Insurance Company Limited	Vehicle Insurance	376010312310000932	16.50	September 29, 2024
10	National Insurance Company Limited	Vehicle Insurance	376010312210002640	8.50	March 29, 2024

INTELLECTUAL PROPERTY

The Company has following Intellectual Property Rights in the nature of trademarks in the name of KRN Heat Exchanger and Refrigeration Limited:

S. No.	Trademark	Class	Registration No.	Status	Applicable Laws
1	KRN HEAT EXCHANGERS	11	2824495	Registered	The Trademarks Act, 1999

KEY REGULATIONS AND POLICIES

*The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see the section titled "**Government and other Approvals**" on page 366 of this Draft Red Herring Prospectus.*

A. INDUSTRY-SPECIFIC LEGISLATIONS APPLICABLE TO OUR COMPANY

The Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards Act, 2016 ("**BIS Act**") has been brought into force with effect from October 12, 2017, repealing and replacing the Bureau of Indian Standards Act, 1986. The BIS Act establishes Bureau of Indian Standards ("**BIS**") as the National Standards Body of India. The BIS Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, animal or plant health, safety of the environment, or prevention of unfair trade practices, or national security. The BIS Act also allows multiple type of simplified conformity assessment schemes including self-declaration of conformity against a standard which will give simplified options to manufacturers to adhere to the standards and get certificate of conformity. Further, the BIS Act also provides for repair or recall, including product liability of the products bearing a standard mark but not conforming to the relevant Indian Standard.

B. STATUTORY AND COMMERCIAL LEGISLATIONS

The Companies Act, 2013

The Companies Act, 2013, has replaced the Companies Act, 1956. The Companies Act, 2013 ("**Companies Act**") received the assent of the President of India on 29th August 2013. The Ministry of Corporate Affairs has also issued rules complementary to the Companies Act establishing the procedure to be followed by companies in order to comply with the substantive provisions of the Companies Act. The Companies Act primarily regulates the formation, financing, functioning and winding up of companies. The Companies Act prescribes regulatory mechanisms regarding all relevant aspects including organisational, financial and managerial aspects of companies.

Indian Contract Act, 1872

The Indian Contract Act, 1872 ("**Contract Act**") codifies the way in which a contract is entered, executed and implemented and the implications of a breach of a contract. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced, as amended from time to time. It determines the circumstances in which a promise

made by the parties to a contract shall be legally binding on them. Each contract creates some rights and duties upon the contracting parties. The Contract Act deals with the enforcement of these rights and duties upon the parties. The Contract Act also lays down provisions of indemnity, guarantee, bailment and agency. Provisions relating to the sale of goods and partnerships which were originally in the Act are now the subject matter of separate enactments viz., the Sale of Goods Act, 1930 and the Indian Partnership Act 1932. The objective of the Contract Act is to ensure that the rights and obligations arising out of a contract are honoured and that legal remedies are made available to those who are affected.

The Sale of Goods Act, 1930

The The Sale of Goods Act, 1930 (the "**Sale of Goods Act**") governs contracts relating to sale of goods. The contracts for sale of goods are subject to the general principles of the law relating to contracts i.e. the Contract Act. A contract for sale of goods has, however, certain peculiar features such as, transfer of ownership of the goods, delivery of goods , rights and duties of the buyer and seller, remedies for breach of contract, conditions and warranties implied under a contract for sale of goods, etc. which are the subject matter of the provision of the Sale of Goods Act.

C. LEGISLATIONS RELATING TO LABOUR AND EMPLOYMENT

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws. The following is an indicative list of employment and labour laws which is be applicable to our Company due to the nature of our business activities:

The Factories Act, 1948

The Factories Act, 1948 ("**Factories Act**") consolidates the law relating to labour in factories. The main objective of the Factories Act is to regulate the working conditions in factories, to regulate health, safety welfare, and annual leave and enact special provision in respect of young persons, women and children who work in the factories. Any factory which fulfils the criteria given in the Factories Act is required to obtain a registration under the Factories Act. Under the Factories Act, the State Government of Rajasthan has made rules namely Rajasthan Factories Rules, 1951, mandating approval for proposed factories and requiring licensing and registration of factories.

Employees State Insurance Act, 1948

Employees State Insurance Act, 1948 ("**ESI Act**") as amended, provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the schemes formulated there under

This Employees Provident Fund and Miscellaneous Provisions Act, 1952 ("**EPF Act**") provide for the institution of provident funds, family pension funds and deposit linked insurance funds for the employees in the factories and other establishments. Accordingly, the following schemes are formulated for the benefit of such employees:

(i) **The Employees Provident Fund Scheme, 1952**: As per this scheme, a provident fund is constituted and both the employees and employer contribute to the fund at the rate of 12% (or 10% in certain cases) of the basic wages, dearness allowance and retaining allowance, if any, payable to employees per month.

(ii) **The Employees' Pension Scheme, 1995**: Employees' pension scheme is a pension scheme for survivors, old aged and disabled persons. This scheme derives its financial resource by partial diversion from the provident fund contribution, the rate is 8.33%. Thus, a part of the contribution representing 8.33% of the employee's pay shall be remitted by the employer to the employees' pension fund within fifteen (15) days of the close of every month by a separate bank draft or cheque on account of the employees' pension fund contribution in such manner as may be specified in this behalf by the appropriate authority constituted under the EPF Act.

(iii) **The Employees Deposit Linked Insurance Scheme, 1976**: As per this scheme, the contribution by the employer shall be remitted by him together with administrative charges at such rate as the Central Government may fix from time to time under Section 6C (4) of the EPF Act, to the insurance fund within fifteen (15) days of the close of every month by a separate bank draft or cheque or by remittance in cash in such manner as may be specified in this behalf by the appropriate authority constituted under the EPF Act.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act")

The SHWW Act provides for the protection of women at the workplace and the prevention of sexual harassment at the workplace. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favours or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature. The SHWW Act makes it mandatory for every employer of a workplace to constitute an internal complaints committee which shall always be presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the internal complaints committee i.e., a written complaint is to be made within a period of three (3) months from the date of the last incident. If the establishment has less than ten (10) employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the local complaints committee. The penalty for non-compliance with any provision of the SHWW Act shall be punishable with a fine extending to Rs.50,000/- (Rupees Fifty Thousand Only).

In order to rationalize and reform all labour laws in India, the Government of India has notified four labour codes which are yet to come into force as of the date of this Draft Red Herring

Prospectus, which are as follows:

(i) The Code on Social Security, 2020*

The Code on Social Security, 2020 has been passed by both houses of parliament and has received the assent of the President on September 28, 2020. However, the Code on Social Security will be in force from such date the Central Government by notification may appoint and is yet to be notified. The said code will subsume various social security, retirement and employee benefits laws like the ESI Act, EPF Act, Maternity Benefit Act, Payment of Gratuity Act, etc.

(ii) The Code on Wages, 2019*

The Ministry of Law and Justice, Government of India has enacted the Code on Wages, 2019 ("**Wage Code**") on August 8, 2019, which seeks to amend and consolidate the laws relating to wages and bonus and matters connected therewith or incidental thereto. The Wage Code will be in force from such date the Central Government by notification may appoint and is yet to be notified. The Wage Code subsumes the provisions of the Payment of Wages Act, of 1936, the Minimum Wages Act, of 1948, the Payment of Bonus Act, of 1965 and the Equal Remuneration Act, of 1976.

(iii) Industrial Relations Code, 2020*

The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020, and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the appropriate government.

(iv) Occupational Safety, Health and Working Conditions Code, 2020*

The Ministry of Law and Justice, Government of India has published the Occupational Safety, Health and Working Conditions Code, 2020 ("**OSH Code**") on 29th September 2020 and the same will be in force from such date the Central Government by notification may appoint. However, the same has not been notified yet, the OSH Code aims to consolidate and amend the laws regulating the occupational safety, health and working conditions of the persons employed in an establishment and for matters connected therewith or incidental thereto. The OSH Code has subsumed several key pieces of legislation on the working conditions of labour and consolidated them into one comprehensive act, including, inter alia, the Contract Labour (Regulation and Abolition) Act, 1970, the Factories Act, 1948, etc.

* *These codes shall become effective on the day that the Government shall notify for this purpose.*

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA Act**") aims to prevent exploitation of contract labour and also introduce better condition of work. Under this said act, a workman is deemed to be employed as a 'Contract Labour' when he is hired in connection with the work of an establishment though a contractor. The CLRA Act as per Rajasthan amendment applies to any establishment in which 50 or more workers are employed or were employed in the preceding 12 months as Contract Labour. Such establishments are required to register under Section 7 of the CLRA Act. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

An Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 ("**ISMW Act**") regulates the employment of inter-state migrant workmen and to provide for their conditions of service and for matters connected therewith. The CLRA Act as per Rajasthan amendment applies to any establishment in which 5 or more inter-state migrant workers (whether or not in addition to other workmen) are employed or were employed in the preceding 12 months. Such establishments are required to register under Section 4 of the ISMW Act.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 as amended (the "**Standing Orders Act**") is applicable to industrial establishments, where 100 or more workmen are employed, or were employed on any day of the preceding 12 months. The Standing Orders Act seeks to define the conditions of employment of workmen employed and to make them known to such workmen. The employers in such establishments are required to frame draft standing orders and thereafter obtain necessary certification for such orders. The certified standing orders are required to be posted by the employer in English and in the language understood by the majority of his workmen on boards to be maintained for this purpose, at or near the entrance through which the majority of workmen enter the industrial establishment and, in all departments, where the workmen are employed.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965, as amended (the "**PoB Act**") provides for payment of minimum bonus to factory, and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due. The minimum bonus to be paid to each employee is 8.33% of the annual salary or wage or ₹100, whichever is higher.

Maternity Benefit Act, 1961 (the "Maternity Act")

The Maternity Benefit Act, 1961 (**the "Maternity Act")** provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The Maternity Act is applicable to every establishment being a factory, mine or plantation inter alia to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the State Government may, with the approval of the Central Government, after giving at least two months' notice shall apply any of the provisions of the Maternity Act to any specific establishments or class of establishments, industrial, commercial, agricultural or otherwise. The Maternity Benefit (Amendment) Act, 2017 amended the Maternity Act to provide for increase of paid maternity leave from 12 to 26 weeks, unless the mother has two or more surviving children and introduced a mandatory provision for creche facilities for employers with more than 50 employees.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended (the "**Minimum Wages Act**") provides a framework for State Governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance, or a basic rate of wages and the cash value of concessions in respect of supplies of essential commodities, or an all inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government.

The Payment of Wages Act, 1936

The Payment of Wages Act ("**PoW Act**") applies to the persons employed in the factories and to persons employed in industrial or other establishments, either directly or indirectly through a sub-contractor, where the monthly wages payable to such persons is less than Rs. 24,000/-. The PoW Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and rules made there under.

Other Labour law legislations:

In addition to the aforementioned material legislations which are applicable to our Company, some of the other labour legislations that may be applicable to the operations of our Company include:

(i) State-wise Labour welfare fund legislations and rules made thereunder;
(ii) Equal Remuneration Act, 1976;
(iii) Apprentices Act, 1961
(iv) Child and Adolescent Labour (Prohibition and Regulation) Act, 1986.

D. ENVIRONMENTAL LAWS

Environment Protection Act, 1986 and Environment Protection Rules, 1986

The purpose of the Environment Protection Act, 1986 ("**EPA**") is to act as an umbrella legislation providing a framework for Central Government to co-ordinate of environment protection activities of various central and state authorities. The said Act prohibits person carrying on business, operations, process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed by the Government in this regard.

Further, the Environment Protection Rules, 1986 ("**EP Rules**") specify, inter alia, the standards for emission or discharge of environmental pollutants, restrictions on the location of industries and restrictions on the handling of hazardous substances in different areas. For contravention of any of the provisions of the EPA or the EP Rules framed thereunder, the punishment includes either imprisonment or fine or both.

Water (Prevention and Control of Pollution) Act, 1974 (the "Water Act")

The Water (Prevention & Control of Pollution) Act, 1974 ("**Water Act**") provides for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of pollution control boards for the prevention and control of water pollution, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith. Under the provisions of Water Act, an entrepreneur running or establishing any industry or process, and discharging effluent/emitting pollutants into any water resources or on land/air and polluting thereby the environmental water/air is required to obtain consent.

Air (Prevention and Control of Pollution) Act, 1981 (the "Air Act")

The Air (Prevention & Control of Pollution) Act, 1981 ("**Air Act**") provide for the prevention, control and abatement of air pollution, for the establishment, with a view to carrying out the aforesaid purposes, of Boards, for conferring on and assigning to such Boards powers and functions relating thereto and for matters connected therewith. Under the provisions of Air Act, an entrepreneur running or establishing any industry or process, and discharging effluent/emitting pollutants into air and polluting thereby the environmental air is required to obtain consent.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016

The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("**Hazardous Waste Rules**") regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without harming the environment. The term "hazardous waste" has been defined in the Hazardous Waste Rules and any person who has, control over the affairs of the factory or the premises or any person in possession of the hazardous waste has been defined as an "occupier". Every occupier and operator of a facility

generating hazardous waste must obtain authorization from the relevant state pollution control board. Further, the occupier, importer or exporter is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous wasteand must pay any financial penalty that may be levied by the respective state pollution control board.

E-Waste (Management) Rules, 2022

The E-Waste (Management) Rules, 2022 ("**E-waste Rules**") apply to a manufacturer, producer, refurbisher, dismantler, and recycler involved in the manufacture, sale, transfer, purchase, refurbishing, dismantling, recycling, and processing of e-waste or electrical and electronic equipment specified in the E-Waste Rules. Any person or entity which has facilities for the manufacture of electrical and electronic equipment as specified in Schedule-I of the E-waste Rules has been defined as 'manufacturer'. Further, any person or entity who manufactures and offers to sell electrical and electronic equipment and their components or consumables or parts or spares under its own brand is defined as a 'producer'. Every producer, manufacturer, refurbisher, dismantler, and recycler has to register on the portal of the Central Pollution Control Board under the categories as applicable. Moreover, every producer and manufacturer has to file annual and quarterly returns in the laid down form on the portal on or before the end of the month succeeding the quarter or year, as the case may be, to which the return relates in addition to the other responsibilities as provided in the E-waste Rules.

Batteries (Management and Handling) Rules, 2001

The Batteries (Management and Handling) Rules, 2001 ("**Batteries Management Rules**") apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer, and bulk consumer involved in manufacture, processing, sale, purchase, and use of batteries which are a source of electrical energy and contains lead metal, or components thereof. Under the Batteries Management Rules, 'consumer' means a person using lead acid batteries excluding the bulk consumers. The consumer is obligated to ensure that used batteries are not re not disposed of in any manner other than depositing with the dealer, manufacturer, importer, assembler, registered recycler, re-conditioner, or at the designated collection centers.

Guidelines to regulate and control ground water extraction in India, 2020

On the directions of Hon'ble Supreme Court vide its order dated 10th December, 1996 passed in Civil writ Petition No 4677 of 1985, MC Mehta Vs Union of India, the Central Government had constituted the Central Ground Water Board as "Authority" vide notification number S.O. 38 (E), dated the 14th January, 1997 to exercise powers under sub section (3) of Section 3 read with Section 5 of EPA for the purposes of regulation and control of ground water management and development and to exercise certain powers and perform certain functions as per EPA. The Authority has been regulating ground water development and management by way of issuing 'No Objection Certificates' for ground water extraction to industries or infrastructure projects or mining projects etc., and framed guidelines in this connection from time to time. The said guidelines provide for the categories of consumers which shall be exempted from seeking No Objection Certificate for ground water extraction. According to Clause (v) of Para 1.0, MSMEs drawing ground water less than 10 cum/day are exempted from seeking a No Objection Certificate.

E. TAX LAWS

The Income Tax Act, 1961

The Income Tax Act, 1961 ("**Tax Act**") deals with the taxation of individuals, corporate, partnership firms and others. As per the provisions of the Tax Act, the rates at which they are required to pay tax are calculated on the income declared by them or assessed by the authorities, after availing the deductions and concessions accorded under the Act. The maintenance of books of accounts and relevant supporting documents and registers are mandatory under the Tax Act. Filing of returns of income is compulsory for all assesses. The maintenance of books of accounts and relevant supporting documents and registers are mandatory under the Tax Act.

The Central Goods and Services Tax Act, 2017 (the "GST Act")

The GST Act levies indirect tax throughout India to replace many taxes levied by the Central and State Governments. The GST Act was applicable from July 1, 2017, and combined the Central Excise Duty, Commercial Tax, Value Added Tax (VAT), Food Tax, Central Sales Tax (CST), Introit, Octroi, Entertainment Tax, Entry Tax, Purchase Tax, Luxury Tax, Advertisement Tax, Service Tax, Customs Duty, Surcharges. GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services. India has adopted a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single state is levied with Central GST (CGST) by the Central Government and State GST (SGST) by the government of that state. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption-based tax; therefore, taxes are paid to the state where the goods or services are consumed and not the state in which they were produced.

Export Procedure and Sealing of Containerized Cargo (Circular No. 26/2017 – Customs)

Pursuant to the Circular No. 26/2017-Customs (CBEC) promulgated on the 1st of July, 2017, it falls within the purview of the Principal Commissioner/Commissioner of Customs to bestow the requisite authorization pertaining to the self-sealing of containers with export goods at specifically designated and duly approved premises.

The Customs Act, 1962 and Customs Tariff Act, 1975.

The stipulations prescribed by the Customs Act of 1962 and its corresponding regulations are enforceable during the importation of goods into India from foreign territories, as well as during the exportation of goods from India to foreign destinations. Additionally, the Customs Tariff Act of 1975 establishes the applicable rates for the imposition of customs duties as per the provisions outlined in the Customs Act of 1962.

F. INTELLECTUAL PROPERTY LAWS

The Trade Marks Act, 1999

The Trade Marks Act, 1999 ("**TM Act**") provides for the process for making an application and obtaining registration of trademarks in India. The purpose of the TM Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain relief in case of infringement for commercial purposes as a trade description. The TM Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks.

G. FOREIGN INVESTMENT REGULATIONS

Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999 ("**FEMA**") which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India. The provisions of FEMA and regulations made under FEMA shall be applicable to establishment of any branch office outside India if the same is owned or controlled by body corporate registered in India. Under Regulation 5(B), of the FEMA (Foreign Currency accounts by a person resident in India) Regulation, 2015, a body corporate may set up its branch office outside India upon fulfilment of all the conditions laid out under said regulation.

H. FOREIGN TRADE LAWS

Foreign Trade (Development and Regulation) Act, 1992 and the Foreign Trade Policy of India, 2023

The Foreign Trade (Development and Regulation) Act, 1992 ("**FTA**") seeks to increase foreign trade by regulating imports and exports to and from India. It authorizes the Government to formulate as well as announce the export and import policy and to keep amending the same on a timely basis. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as in specified cases of foreign trade. The Foreign Trade Policy of India, 2023 is notified by Central Government, in exercise of powers conferred under Section 5 of the FTA, as amended. . In accordance with Para 2.05 of the Policy 2023, an entity is required to mandatorily apply for Importer- Exporter Code ("**IEC**") for undertaking import/export activities. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories. Failure to obtain the IEC number shall attract penalty under the FTA. Further, in accordance with Chapter 5 of Policy 2023, EPCG Scheme allows import of capital goods (except those specified in negative list in Appendix 5 F) for preproduction, production and post-production at zero customs duty.

Duty Drawback Scheme, 2020

The duty drawback scheme is an option available to exporters. Under this scheme, an exporter of goods is entitled to a refund of the excise duty and integrated goods and services tax paid by him on the inputs used in the products exported by him. It neutralizes the duty impact on the goods exported, by giving a relief on customs and central excise duties suffered on the inputs

used in the manufacture of export products. The Customs and Central Excise Duties Drawback Rules, 2017, as amended ("**Drawback Rules**") have also been framed outlining the procedure to be followed for the purpose of grant of duty drawback (for both kinds of duties suffered) by the customs authorities, processing export documentation. Under the duty drawback scheme, an exporter can opt for either all industry rate of duty drawback scheme or the brand rate of duty drawback scheme.

Remission of Duties and Taxes on Exported Products Scheme

The Scheme for Remission of Duties and Taxes on Exported Products ("**RoDTEP Scheme**"), acts as the successor to the Merchandise Exports from India Scheme. The **RoDTEP Scheme** is based on the globally accepted principle that taxes and duties should not be exported, and taxes and levies borne on the exported products should be either exempted or remitted to exporters. The RoDTEP Scheme rebates/refunds the embedded Central, State and local duties/taxes to the exporters that were so far not being rebated/refunded.

I. OTHER APPLICABLE LAWS

(i) CENTRAL LAWS

Micro, Small and Medium Enterprises Development Act, 2006

The Micro, Small and Medium Enterprises Development Act, 2006 was enacted in order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise ("**MSME**"). As per the notification no. F. No. 2/1(5)/2019-P&G/Policy (Pt.-IV) dated June 01, 2020, the Central Government notified the following criteria for the classification of MSME with effect from July 01, 2020: as a micro-enterprise, where the investment in plant and machinery or equipment does not exceed One Crore Rupees and turnover does not exceed Five Crore Rupees; a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed Fifty Crore Rupees; and a medium enterprise, where the investment in plant and machinery or equipment does not exceed Fifty Crore Rupees and turnover does not exceed Two Hundred and Fifty Crore Rupees.

Gas Cylinder Rules, 2016

The Gas cylinder Rules 2016 ("**Gas Cylinder Rules**"), made under Section 18 of the Explosives Act, 1884 regulates the filling, possession, import and transportation of gas cylinders. Any person engaged in activity of filling and possession of gas cylinders except for certain cases exempted under Rule 44 is required to obtain a license under the Gas Cylinder Rules. The Gas Cylinder Rules also prescribes the standards of cylinders, valves and LPG regulators of Indian as well as foreign origin.

CEA (Measures relating to safety and Electric Supply) Regulations, 2023

The CEA (Measures relating to safety and Electric Supply) Regulations, 2010 ("**CEA Regulations**"), formed under the provisions of Electricity Act, 2003 prescribes that the generating units installed, are required to be approved by the Electrical Inspector before

energization. Further, the CEA Regulations provides for safety provisions for electrical installations and apparatus of voltage exceeding 650 volts. The voltage above which electrical installation will be required to be inspected by Electrical inspector shall be notified by the appropriate government.

(ii) STATE LAWS

RIICO Disposal of Land Rules, 1979

The RIICO Disposal of Land Rules, 1979 ("**RIICO Rules**") applies to all the lands transferred to or placed at the disposal of Rajasthan State Industrial Development and Investment Corporation ("**RIICO**") by the State Government and lands purchased or acquired or otherwise held by RIICO. As per the provisions of RIICO Rules, the certificate of commencement of production is issued by RIICO to the industrial enterprise, subject to verification as per norms prescribed in these rules by the RIICO from time to time in this regard. In case of change in land use of allotted land the conversion charges shall apply.

RIICO Building Regulations, 2021

The RIICO Building Regulations, 2021 ("**Building Regulations**") are applicable to all the industrial plots in RIICO industrial areas. As per the provisions of Building Regulations, a completion certificate from the Architect registered with Council of Architecture to the effect that construction has been done as per approved plan/building regulation shall be submitted for obtaining occupancy certificate. The construction in violation of Building Regulations shall be liable for action.

Rajasthan Municipalities Act, 2009

Pursuant to the Rajasthan Municipalities Act, 2009, the individual who possesses legal ownership or occupies any part of the premises within the municipal jurisdiction is obliged to establish appropriate measures aimed at the prevention of fires and the maintenance of fire safety standards within the said municipal area. Additionally, they may be mandated to acquire a no-objection certificate from a designated authority, as specified in the respective regulations, which delineates the required format and procedural requirements for obtaining such certification.

Rajasthan Municipalities (Urban Development Tax) Rules, 2016

The Rajasthan Municipalities (Urban Development Tax) Rules, 2016 ("**UD Tax Rules**") have been framed under Section 337 of the Rajasthan Municipalities Act, 2009. Rule 3 of the UD Tax Rules gives power to every municipality to collect tax from the person primarily liable to pay the tax, on lands and buildings situated in the municipal limits at such rate and from such date as may be specified in the notification issued by the State Government, from time to time. The UD Tax Rules read with notification of the Self-Governance Department of Government of Rajasthan dated 24th August 2016 provide that every industrial establishment of an area measuring more than 300 square yards is required to pay the urban development tax to urban local bodies constituted under the respective jurisdiction.

HISTORY AND CERTAIN CORPORATE MATTERS

BRIEF HISTORY OF OUR COMPANY

Our Company was incorporated in Bhiwadi, Alwar as "**KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED,** a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated **August 25, 2017** issued by Central Registration Centre, Manesar. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on March 17, 2023, and consequently, the name of our Company was changed to "**KRN Heat Exchanger and Refrigeration Limited"** by deletion of the word 'Private'. A fresh certificate of incorporation consequent upon conversion from private company to public company dated **April 03, 2023**, was issued by the Registrar of Companies, Jaipur, Rajasthan to our Company bearing Corporate Identification Number "**U29309RJ2017PLC058905".**

For information on our Company's profile, activities, market, service, etc., market of each segment, standing of our Company in comparison with prominent competitors, with reference to its services, management, managerial competence, technology, market, major suppliers and customers, environmental issues, geographical segment, etc. wherever applicable, please refer to chapters titled ***"Our Business", "Industry Overview", "Restated Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operation"*** and ***"Government and Other Approvals"*** beginning on page 189, 147, 260, 336 and 366 respectively.

CHANGES IN THE REGISTERED OFFICE

Except as disclosed below, there has been no change in the Registered Office of our Company since the date of incorporation:

Effective Date of change of Registered Office	Details of the address of Registered Office	Reason for change
February 08, 2023	Shifting of the Registered Office of our Company from Flat No. 1004, Block B, 10th Floor, Sky View Apartments, Bhiwadi, Alwar, Rajasthan-301019 to Plot No. F-46, 47, 48 & 49, E.P.I.P., RIICO Industrial Area, Neemrana, Alwar, Rajasthan-301705.	Administrative convenience

MAIN OBJECTS OF OUR COMPANY

The main objects contained in our Memorandum of Association are as follows:

1) To carry on the business of manufacturing and trading in condensing coils and other parts of refrigerating systems. To manufacture, assemble, install, sell, service, support, import, export, provide maintenance services or otherwise deal in all type of equipments, assemblies, sub-assemblies and components used for air-controlling, refrigeration, heating, purifying water and/or air-conditioning plants used in residential, industrial and commercial establishments, rollways, lorries, buses and all kinds of vehicles.

2) To carry on the business of manufacturing, erection, buying, selling, servicing, repairing, exchanging, assembling, improving, importing, exporting, distribution, or otherwise dealing in all types of equipments for the processing of air, liquid, gas and solid, air condition in apparatus, refrigeration equipments, air compressors, coolers, process control instruments and appliances for domestic, industrial, process industries and agricultural applications; All kinds of general engineering products like pneumatic tools, fittings, valves ,hoses, hydraulic tools, pumps, valves, fittings, accessories, power packs, filters, jacks, heaters, coolers, measuring instruments, gauges,

high pressure hoses, expansion bellows, corrugated metal flexible hoses, Insulation materials/sheets and all types of pipes and pipe fittings, all kinds of spares for heating systems, cooling systems, fuel oil pumps, electing motors, water feed pumps, chemical process pumps, pressure switches, control panels, alarms, sequence controllers, burner programmers, sensors, thermocouples, tin ducting, packing sheets and flexible high pressure hoses; All parts, tools, implements, spares, parts, accessories of all such goods as described as above India and abroad and to obtain patent rights in respect thereof; All type of gases, liquids required for refrigeration, air-conditioning and cooling our poses.

3) To carry on the business as manufacturer, processor, trader, dealer, agent, importer and exporter of aluminum & copper finned and tube heat exchangers, copper tube processing, copper tube bends & fittings, complete air-conditioning & refrigeration units, evaporator & condensing units, fan motors, blowers & controls for complete AC units, electrical & electronic parts & controls, sheet metal processing and related activities, chilled water & glycol heat exchangers, wooden pallets fabrication for packing coils & other products.

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

Set out below are the amendments to the Memorandum of Association of our Company since its incorporation:

Date of Shareholders' Resolution / Effective date	Details of the modifications
November 20, 2017	Clause V of the Memorandum of Association of our Company was amended to reflect the increase in our authorised share capital from ₹ 1,00,000 /- (Rupees One Lakh only) divided into 10,000 (Ten Thousand) Equity shares of ₹ 10/- each into ₹ 3,50,00,000/- (Rupees Three Crore Fifty Lakh) divided into 35,00,000 (Thirty-Five Lakh) Equity shares of ₹ 10/- each.
November 30, 2019	Clause V of the Memorandum of Association of our Company was amended to reflect the increase in our authorised share capital from ₹ 3,50,00,000/- (Rupees Three Crore Fifty Lakh) divided into 35,00,000 (Thirty-Five Lakh) Equity shares of ₹ 10/- each to ₹ 4,90,00,000/- (Rupees Four crore Ninety Lakh only) comprising of 49,00,000 (Forty-Nine lakh) Equity shares of ₹ 10/- each.
February 08, 2023	Clause V of the Memorandum of Association of our Company was amended to reflect the increase in our authorised share capital from ₹ 4,90,00,000/- (Rupees Four crore Ninety Lakh only) comprising of 49,00,000 (Forty-Nine lakh) Equity shares of ₹ 10/- each to ₹ 66,00,00,000/- (Rupees Sixty-Six crore only) divided into 6,60,00,000/-(Rupees Six Crores Sixty Lakh) Equity shares of ₹ 10/- each.
March 17, 2023	Clause I of our Memorandum of Association was amended to reflect the change of name of our Company from "*KRN Heat Exchanger and Refrigeration Private Limited*" to "*KRN Heat Exchanger and Refrigeration Limited*", pursuant to conversion of our Company from private limited to public limited.
December 23, 2023	Clause V of the Memorandum of Association of our Company was amended to reflect the increase in our authorized share capital from ₹ 66,00,00,000/- (Rupees Sixty-Six crore only) divided into 6,60,00,000/-(Rupees Six Crores Sixty Lakh) Equity shares of ₹ 10/- each. to ₹ 72,00,00,000/- (Rupees Seventy-Two crore only) divided into 7,20,00,000/-(Seven Crores Twenty Lakh) Equity shares of ₹ 10/- each.

MAJOR EVENTS AND MILESTONES OF OUR COMPANY

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

Year	Events
2017	Incorporation of our Company as a Private Limited company
	Company has established its Plant in October 2017
2018	Manufacturing started from June 2018 by installation of machinery
2019	Company started to export its products
2020	Company expanded its plant area to 7,800 Sq. Mt. by acquiring plot no. 46 and 47
	Company established Helium Leak testing machine, NCT Punching for sheet metal parts
	Company established a dedicated facility equipped with EOT cranes to manufacture larger heat exchangers
2021	New lines added featuring 5mm tube diameter
2022	New lines added 25X21.65 mm in 9.52mm, 30.00 X26.0 mm in 12.7mm
	New lines added featuring a 5/8" diameter tube, specifically designed to cater Air Handling Unit (AHU) and industrial application business
	Acquired CE certification, to meet rigorous safety regulations for the European market
	Established our internal Brazing school, a dedicated initiative to enhance the skills of our brazing staff
	Appointed a dedicated sales representative in Europe.
2023	Conversion of our Company from a private limited company to a public limited company and change of name of our Company from "KRN Heat Exchanger and Refrigeration Private Limited" to "KRN Heat Exchanger and Refrigeration Limited".

KEY AWARDS, ACCREDITATIONS OR RECOGNITION

Year	Award/Accreditation/Recognition
2018	ISO 9001:2015 Certification
2020	IS 11329:2018 Certification (BIS)
	Pandemic Response Excellence Award (By: Schneider Electric)
2021	BS EN ISO 13134 Certification
	UL-207 Certification (Underwriters Laboratories -USA)
2022	CE certification (EU directives)
	Participation and Continuous support award (By: Schneider Electric)
2023	ISO 9001, 14001 and ISO 45001 Certification
	Quality Excellence Award (By: Werner Finley)
	Certificate of Appreciation (By: Werner Finley)
	Dare to Disrupt (Innovation & Tech) (By: - Carrier Air Conditioning and Refrigeration Ltd)
	Certificate of Appreciation (By: Carrier Air Conditioning and Refrigeration Ltd)
2024	Certificate of Appreciation (By: Daikin)

STRATEGIC AND FINANCIAL PARTNERS

As of the date of this Draft Red Herring Prospectus, our Company does not have any significant financial or strategic partners. Apart from the various arrangements with bankers and financial institutions which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

TIME AND COST OVERRUN

There have been no time and cost over-runs in respect of our business operations.

LAUNCH OF KEY PRODUCTS OR SERVICES, ENTRY IN NEW GEOGRAPHIES OR EXIT FROM EXISTING MARKETS

For details of key products or services launched by our Company, capacity/ facility creation, location of our plants and entry into new geographies or exit from existing markets, see ***"Our Business"*** on page 189.

DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS/ BANKS

There are no defaults or rescheduling of borrowings from financial institutions or banks or conversion of loans into equity in relation to our Company. For further details about our financial arrangements, see **"*Financial Indebtedness*"** on page 330.

REVALUATION OF ASSETS

Our Company has neither revalued its assets nor has issued any Equity or Preference Shares by capitalizing any revaluation reserves since its incorporation.

DETAILS REGARDING MATERIAL ACQUISITION OR DISINVESTMENTS OF BUSINESS / UNDERTAKINGS, MERGERS, AMALGAMATION

Our Company has not made any business acquisition, merger and amalgamation or disinvestment of business in the last ten years.

HOLDING COMPANY

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

SUBSIDIARIES OF OUR COMPANY

As on the date of this Draft Red Herring Prospectus, we have one subsidiary which is as follows:

1. KRN HVAC Products Private Limited

Corporate Information

KRN HVAC Products Private Limited was incorporated as a Private Limited Company under the provisions of the Companies Act, 2013 vide certificate of incorporation dated April 07, 2023 bearing Corporate Identification Number U28191RJ2023PTC086784 issued by Central Registration Centre.

Registered Office

The Registered Office is situated at A-60, Green Acre, Neemrana, Alwar, Rajasthan 301705 India.

Main Objects of KRN HVAC Products Private Limited

1. To carry on in India or elsewhere, the business as manufacturers, designers, assemblers, processors, exporters, importers, buyers, sellers, packers, suppliers, distributors, contractors, stockiest, franchisers, commission agents, marketers, brokers, C & F agents or otherwise deal in all kinds, shapes, sizes and descriptions of heat exchangers, condenser coils, evaporator coils, heating coils, refrigeration equipment, copper fitting/ components, copper tubes, HE tubes, cross flow fans/ blower, plastic components, IDU units, ODU units , air conditioner, chest freezer deep freezer, water , complete HVAC units , refrigeration evaporators , cold rooms IDU and ODU sheet metal components, other HVAC components, accessories, parts thereof, and to do all incidental acts, things necessary for attainment of the foregoing objects.

Capital Structure and Shareholding Pattern

The authorized share capital of KRN HVAC Products Private Limited is Rs. 10,00,00,000 divided into

1,00,00,000 equity shares of Rs. 10/- each. It's issued, subscribed and the paid – up equity share capital is Rs. 5,00,00,000 divided into 50,00,000 equity shares of Rs. 10/- each. The shareholding pattern of KRN HVAC Products Private Limited as on the date of this Draft Red Herring Prospectus is as mentioned below:

S. No.	Name of Shareholder	No. of Equity Shares	Percentage
1	Santosh Kumar Yadav	500	0.01
2	KRN Heat Exchanger and Refrigeration Private Limited	49,99,500	99.99
	Grand Total	**50,00,000**	**100.00%**

Board of Directors

Boards of Directors of KRN HVAC Products Private Limited as on the date of this Draft Red Herring Prospectus are as follows:

- Santosh Kumar Yadav
- Anju Devi

There are no accumulated profits or losses of KRN HVAC Products Private Limited not accounted for by our Company.

JOINT VENTURES OF OUR COMPANY

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures.

SHAREHOLDERS AND OTHER AGREEMENTS

There are no shareholders and other material agreements, apart from those entered into in the ordinary course of business carried on or intended to be carried on by us.

AGREEMENTS WITH KEY MANAGERIAL PERSONNEL OR A DIRECTOR OR PROMOTERS OR ANY OTHER EMPLOYEE OF THE COMPANY

There are no agreements entered into except in the ordinary course of business by a Key Managerial Personnel or Senior Management, Director or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

GUARANTEES GIVEN BY PROMOTERS OFFERING ITS SHARES IN THE OFFER FOR SALE

This is a fresh issue of Equity shares, and our Promoters are not offering their shares in this Issue.

MATERIAL AGREEMENTS

Our Company has not entered into any material agreements with strategic partners, joint venture partners and/or financial partners, other than in the ordinary course of business of our Company.

Additionally, our Company and our Promoters confirm that there are no other agreements and clauses/covenants which are material and which needs to be disclosed and that there are no other clauses/covenants which are adverse/pre-Judicial to the interest of the public shareholders. Also, there are no other agreements, deeds of assignment, acquisition agreements, Shareholders Subscription Agreements (SHA), inter-se-agreements, agreements of similar nature other than disclosed in this Draft Red Herring Prospectus.

OUR MANAGEMENT

BOARD OF DIRECTORS

In terms of the Articles of Association, our Company is required to have not less than 3 (three) Directors and not more than 15 (fifteen) Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of 6 (six) Directors including 2 (two) Executive Directors and 4 (four) Non-Executive Directors out of which 3 (three) are Independent Directors. Our Board also has 1 (one) woman Director. The composition of the Board of Directors is in compliance with the Companies Act, and the SEBI Listing Regulations.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

S. No.	Name, Designation, Address, Occupation, Date of Birth, Nationality, Age, Period of Directorship and DIN	Current Term	Other Directorships
1.	**Santosh Kumar Yadav** **Designation:** Chairman and Managing Director **Date of birth:** November 17, 1980 **Address:** B-1004, Vasundhara Nagar, U.I.T Colony, Bhiwadi, Alwar, Rajasthan -301019 **Occupation:** Business **Age:** 43 years **Period of directorship:** Since incorporation of the Company. **DIN:**07789940 **Nationality:** Indian	For a term of three years with effect from June 06, 2023, to May 08, 2026, and shall be liable to retire by rotation.	**Indian companies:** 1. KRNCOILS Private Limited 2. KRN HVAC Products Private Limited **Foreign companies:** None **LLP**: None
2.	**Anju Devi** **Designation:** Whole Time Director **Date of birth:** April 14, 1982 **Address:** B 1004, Vasundhra Nagar, U.I.T Colony, Harchandpur, Bhiwari Ind. Area, Alwar, Tijara, Rajasthan - 301019 **Occupation:** Business **Age:** 41 years **Period of directorship:** Since incorporation of the Company. **DIN:** 06858442	For a term of three years with effect from May 09, 2023, to May 08, 2026, and shall be liable to retire by rotation	**Indian companies:** 1. KRNCOILS Private Limited 2. KRN HVAC Products Private Limited **Foreign companies:** None **LLP**: None

S. No.	Name, Designation, Address, Occupation, Date of Birth, Nationality, Age, Period of Directorship and DIN	Current Term	Other Directorships
	Nationality: Indian		
3.	**Manohar Lal** **Designation:** Non-Executive Director **Date of birth:** February 28, 1977 **Address:** H. No. 136, Near Dharamshala, Heengwahera, Alwar, Rajasthan - 301411 **Occupation:** Business **Age:** 46 Years **Period of directorship:** Since March 14, 2023 **DIN:** 10040507 **Nationality:** Indian	Liable to retire by rotation	**Indian companies:** None **Foreign companies:** None **LLP**: None
4.	**Ajay Pal Yadav** **Designation:** Independent Director **Date of birth:** May 10, 1982 **Address:** Plot No. 59, Chetan Enclave Phase 2, Opposite Jain Temple, Jaipur Road, Alwar, Rajasthan - 301001 **Occupation:** Service **Age:** 41 Years **Period of directorship:** Since May 09, 2023 **DIN:** 10040569 **Nationality:** Indian	For a term of five years from May 13, 2023to May 12, 2028 and shall not be liable to retire by rotation	**Indian companies:** None **Foreign companies:** None **LLP**: None
5.	**Bheem Singh Yadav** **Designation:** Independent Director **Date of birth:** August 20, 1983 **Address:** Near Village Pond, Ahir Mohala, Fauladpur, Alwar, Rajasthan - 301706 **Occupation:** Business **Age:** 40 Years **Period of directorship:** Since May 09, 2023 **DIN:** 09268161	For a term of five years from May 13, 2023, to May 12, 2028, and shall not be liable to retire by rotation	**Indian companies:** 1. Vasus Brakes India Private Limited **Foreign companies:** None **LLP**: None

S. No.	Name, Designation, Address, Occupation, Date of Birth, Nationality, Age, Period of Directorship and DIN	Current Term	Other Directorships
	Nationality: Indian		
6.	**Rajat Raj Yadav** **Designation:** Independent Director **Date of birth:** June 13, 2000 **Address:** Ganv Balawas, Tehsil Bansur, Balawas, Alwar, Rajasthan - 301402 **Occupation:** Service **Age:** 23 Years **Period of directorship:** Since May 09, 2023 **DIN:** 10118405 **Nationality:** Indian	For a term of five years from May 13, 2023, to May 12, 2028, and shall not be liable to retire by rotation	**Indian companies:** 1. Apricus Biosciences Private Limited **Foreign companies:** None **LLP**: None

BRIEF BIOGRAPHIES OF DIRECTORS

Santosh Kumar Yadav is one of the Promoters, Chairman and Managing Director of our Company. He holds a diploma in Business Management from Institute of Management Technology, Centre for Distance Learning, Ghaziabad and a Diploma in Mechanical Engineering from the Board of Technical Education, Rajasthan. He has gathered great experience by working as the head of operations department with LLOYD Electric and Engineering Limited. He has more than 19 years of experience in the business of manufacturing heat exchangers and refrigeration units. In his capacity as a Chairman and Managing Director, he mentors, guides and provides perspective to the Board and Management of the Company for strategic planning and enriching the brand for long run.

Anju Devi is one of the Promoters and Whole Time Director of our Company. She has cleared secondary examination conducted by Board of Secondary Education, Rajasthan in the year 2001. She provided consultancy services in Lloyd Electric and Engineering Limited for two years from April 2012 to March 2014 as resident consultant. She has a vast experience of 8 Years. She has been associated with the Company since its inception and is responsible for management of the human resources of the Company.

Manohar Lal is the Non-Executive Director of our Company. He passed his Secondary examination, administered by the Board of Secondary Education, Rajasthan in 1995. He has served in the Indian Army for more than 21 years. He has effective leadership skills and motivation skills, and he is enthusiastic with a very futuristic approach towards the company. He joined our Company as a Non-Executive Director in the year 2023.

Ajay Pal Yadav is the Independent Director of our Company. He completed his diploma in electrical engineering from the Board of Technical Education, Rajasthan and B. Tech in Electrical Engineering from J.R.N. Rajasthan Vidyapeeth University. He has worked as a marine electrical officer in Mubarak Marine LLC, Dubai and Zamil offshore, Saudi Arabia. He has also worked as an electrical officer in Samson Maritime Ltd, Great offshore Ltd, South India Corporation (A) Ltd. He has the experience of 15 years. He joined our Company in 2023.

Bheem Singh Yadav is the Independent Director of our Company. He has completed his Bachelors of Engineering in Mechanical from Visveswaraiah Technological University, Belgaum, Karnataka and his Masters of Business Administration from Maharshi Dayanand University, Rohtak. He has previously worked with Nissin Brake India Private Limited and RICO Auto Industries Limited. He has a vast experience of more than 14 years of working as an engineer in production department. He joined our Company in 2023.

Rajat Raj Yadav is the Independent Director of our Company. He has completed BA from the University of Delhi in 2021. His energetic and forward-thinking attitude to business development will benefit the organization in many ways. He joined our Company in 2023.

DETAILS OF DIRECTORSHIP IN COMPANIES SUSPENDED OR DELISTED

None of our Directors is or was a director of any listed company, whose shares have been or were suspended from being traded on any stock exchanges, in the last five years prior to the date of this Draft Red Herring Prospectus, during the term of their directorship in such company.

Further, none of our directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange during the term of their directorship in such company.

RELATIONSHIP BETWEEN OUR DIRECTORS

Except as mentioned below none of the directors of our Company are related to each other or to any of the Key Managerial Personnel and Senior Management.

NAME OF THE DIRECTOR/KMP/SENIOR MANAGMENT	NATURE OF RELATIONSHIP
Santosh Kumar Yadav	Husband of Anju Devi
	Brother of Manohar Lal
Anju Devi	Wife of Santosh Kumar Yadav
	Sister-in-law of Manohar Lal
Manohar Lal	Brother of Santosh Kumar Yadav
	Brother-in-law of Anju Devi

ARRANGEMENT OR UNDERSTANDING WITH MAJOR SHAREHOLDERS, CUSTOMERS, SUPPLIERS OR OTHERS

As on the date of this Draft Red Herring Prospectus, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors or Key Management Personnel or Senior Management were selected as a director or member of the senior management.

SERVICE CONTRACTS WITH DIRECTORS

Our Company has not entered into any service contracts with our Directors which provide for benefits upon the termination of their employment.

OTHER CONFIRMATIONS

As on the date of this Draft Red Herring Prospectus:

1. None of our Directors are on the RBI list of Wilful Defaulters or declared as a fraudulent borrower.
2. None of our Directors are fugitive economic offender as defined under Regulation 2(1)(p) of SEBI

(ICDR) Regulation 2018.

BORROWING POWERS

In accordance with Articles of Association and Section 180(1)(c) of Companies Act, the members of our Company vide resolution passed on **May 13, 2023** in their EGM have authorised our Board (including its committee) to borrow from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained by our Company from its bankers in the ordinary course of business), may exceed the aggregate of the paid-up share capital of our Company and its free reserves, provided that the total amount of monies so borrowed by our Company shall not at any time exceed the limit of **₹ 1,000 Cr. (Rupees One Thousand Crore Only.)**

REMUNERATION/COMPENSATION PAID TO MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR

Except as mentioned below, no other current Directors have received remuneration during the Financial Year ended on March 31, 2023.

(₹ in Lakhs)

Name of Director	FY 2022-23
Santosh Kumar Yadav	23.11
Anju Devi	18.06
TOTAL	**41.17**

Compensation of our Executive Directors

The compensation payable to our Executive Directors will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 196, 197, 198 and 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and the Articles of Association of the Company.

Terms and conditions of employment of our Chairman and Managing Director

Mr. Santosh Kumar Yadav was reappointed as Managing Director and CEO by the board of director in their meeting held on May 09, 2023 and consequently approved by the members of the company in their general meeting held on May 13, 2023 for a period of three years w.e.f. May 09, 2023. Further Our Board at their meeting held on June 06, 2023**,** approved the re-designation as Chairman and Managing Director with effect from **June 06, 2023** and as approved by the shareholders of the company in Extra Ordinary General Meeting of the company held on **June 10, 2023** for his remaining period of three years. The terms of appointment of Santosh Kumar Yadav have been laid down under the employment agreement dated **June 10, 2023**. The significant terms and conditions of his employment are as follows:

Remuneration	₹ 60,00,000/- per annum Salary may be revised periodically based on the recommendation of the Board of Directors or Nomination and Remuneration Committee, if any.
Term of Appointment	3 Years (from May 09, 2023 to May 08, 2026) subject to liable to retire by rotation.
Perquisites	Perquisites as per the Section IV of the Schedule V of the Companies Act, 2013 as provided below: *I. Provident fund and superannuation:* A. The company's contribution towards the Provident Fund will be as per the Company's Policy in compliance with

	The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and rules made thereunder. B. Gratuity will be payable as per the Company's Policy in compliance with The Payment of Gratuity Act, 1972 and rules made thereunder. C. Encashment of leave at the end of tenure, if any, as per the policy of the Company. *II. Other* perquisites as provided below: The Chairman and Managing Director shall be entitled to reimbursement of all expenses which may be incurred by him for and on behalf of the Company.

Further, he shall be entitled to reimbursement of all expenses incurred from time to time to perform his duties as per the rules of the Company.

Terms and conditions of employment of our Whole-Time Director

Mrs. Anju Devi has been re-appointed as Whole Time Director of our Company with effect from May 09, 2023 for a period of three years pursuant to a Board resolution dated May 09, 2023 and consequently approved by the members of the company in their general meeting held on May 13, 2023. The updated terms of appointment of Anju Devi have been laid down under the employment agreement dated **May 09, 2023**. The significant terms and conditions of his employment are as follows:

Remuneration	₹ 30,00,000/- per annum Salary may be revised periodically based on the recommendation of the Board of Directors or Nomination and Remuneration Committee, if any.
Term of Appointment	3 Years from May 09, 2023, subject to liable to retire by rotation.
Perquisites	Perquisites as per the Section IV of the Schedule V of the Companies Act, 2013 as provided below: *I. Provident fund and superannuation:* The company's contribution towards the Provident Fund will be as per the Company's Policy in compliance with The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and rules made thereunder. Gratuity will be payable as per the Company's Policy in compliance with The Payment of Gratuity Act, 1972 and rules made thereunder. Encashment of leave at the end of tenure, if any, as per the policy of the Company. *II. Other perquisites as provided below:* The Chairman and Managing Director shall be entitled to reimbursement of all expenses which may be incurred by him for and on behalf of the Company.

Terms and conditions of employment of our Independent Director and Non – Executive Director

Non – Executive Directors and Independent Directors of the Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and other applicable laws and regulations.

Our Company has not paid any remuneration to Non – Executive Directors and Independent Directors in the FY 2022 – 2023.

Remuneration Paid to Our Directors from our Subsidiary and Associate Company

Our Company has one Wholly Owned Subsidiary i.e., KRN HVAC Products Private Limited incorporated in April 07, 2023 and no associate companies. Hence, none of our Directors have received or were entitled to receive any remuneration, from our Subsidiary in Financial Year 2023.

Contingent and deferred compensation payable to the Directors
As on the date of this Draft Red Herring Prospectus, there is no contingent or deferred compensation payable to the Directors, which does not form part of their remuneration.

Bonus or profit-sharing plan for the Directors
Our Company does not have any bonus or profit-sharing plan for our directors, other than the performance and project linked incentive given to all employees.

SHAREHOLDING OF DIRECTORS IN OUR COMPANY

The Articles of Association do not require our directors to hold any qualification shares.

The shareholding of our Directors in our Company as of the date of filing this Draft Red Herring Prospectus, on a fully diluted basis, is set forth below:

S. No.	Name	No. of Equity Shares	Percentage of the pre-issue capital (%)	Percentage of the post-issue capital (%)
1.	Santosh Kumar Yadav	2,02,99,950	44.00%	[●]
2.	Anju Devi	2,37,00,000	51.37%	[●]
3.	Manohar Lal	10	Negligible	[●]
	GRAND TOTAL	**4,39,99,960**	**95.37%**	[●]

SHAREHOLDING OF DIRECTORS IN SUBSIDIARY AND ASSOCIATE COMPANIES

As on the date of the filing of this Draft Red Herring Prospectus, Our Company has one wholly owned subsidiary company namely M/s. KRN HVAC Products Private Limited and there is no Associate company of our Company.

The following table details the shareholding of our directors in Wholly Owned Subsidiary Company:

S. No.	Name of the Director	No. of Equity Shares
1.	Santosh Kumar Yadav	500
	GRAND TOTAL	**500**

INTERESTS OF DIRECTORS

All our directors may be deemed to be interested to the extent of fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration, commission and reimbursement of expenses payable to them.

Our Directors may also be regarded as interested in Equity Shares held by them, if any, or that may be subscribed by and allotted to their relatives, or the entities with which they are associated as promoters, directors, partners, proprietors or trustees or to the companies, firms and trust, in which they are interested as directors, promoters, members, partners and trustees, pursuant to the Issue and to the extent of any dividend payable to them and other distributions in respect of the Equity Shares. For further details, refer to chapter titled ***"Restated Financial Information Note* 41*: Related Party Transactions"*** and ***"Our Promoters and Promoter Group"*** beginning on page ***312*** and ***251***.

Certain of our Directors may be deemed to be interested in the contracts, transactions, agreements or arrangements entered into or to be entered into by our Company with any company in which they

hold directorships/ shareholding or any partnership firm in which they are partners as declared in their respective capacity.

No sum has been paid or agreed to be paid to our directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/ her to become, or to qualify him/ her as, a director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

(i) Interest in the Promotion of our Company

Except Santosh Kumar Yadav and Anju Devi, who are the promoters of our Company, none of our directors have any interest in the promotion or formation of our Company as on the date of this Draft Red Herring Prospectus.

None of our other Directors have any interest in the promotion and formation of our Company other than in the ordinary course of business.

(ii) Interest in the property of our Company

Our directors do not have any interest in any property acquired or proposed to be acquired of the Company or by the Company except other disclosed in the heading titled "***Properties***" under the chapter titled **"*Our Business*"** beginning on page 214.

(iii) Loans to directors

Except as stated in "***Restated Financial Information – Note* 41 *(Related Parties Transactions)***" on page 312, our directors have not taken any loan from our Company.

(iv) Interest as a creditor of our Company

Except as stated in "***Restated Financial Information – Note* 41 *(Related Parties Transactions)***" on page 312, our directors do not have any other interest as creditor of our company.

(v) Interest in the business of our Company

Except as stated in "***Restated Financial Information – Note* 41 *(Related Parties Transactions)***" on page 312, and to the extent of shareholding in our Company, if any, our directors do not have any other interest in our business.

(vi) Payment of benefits (non-salary related)

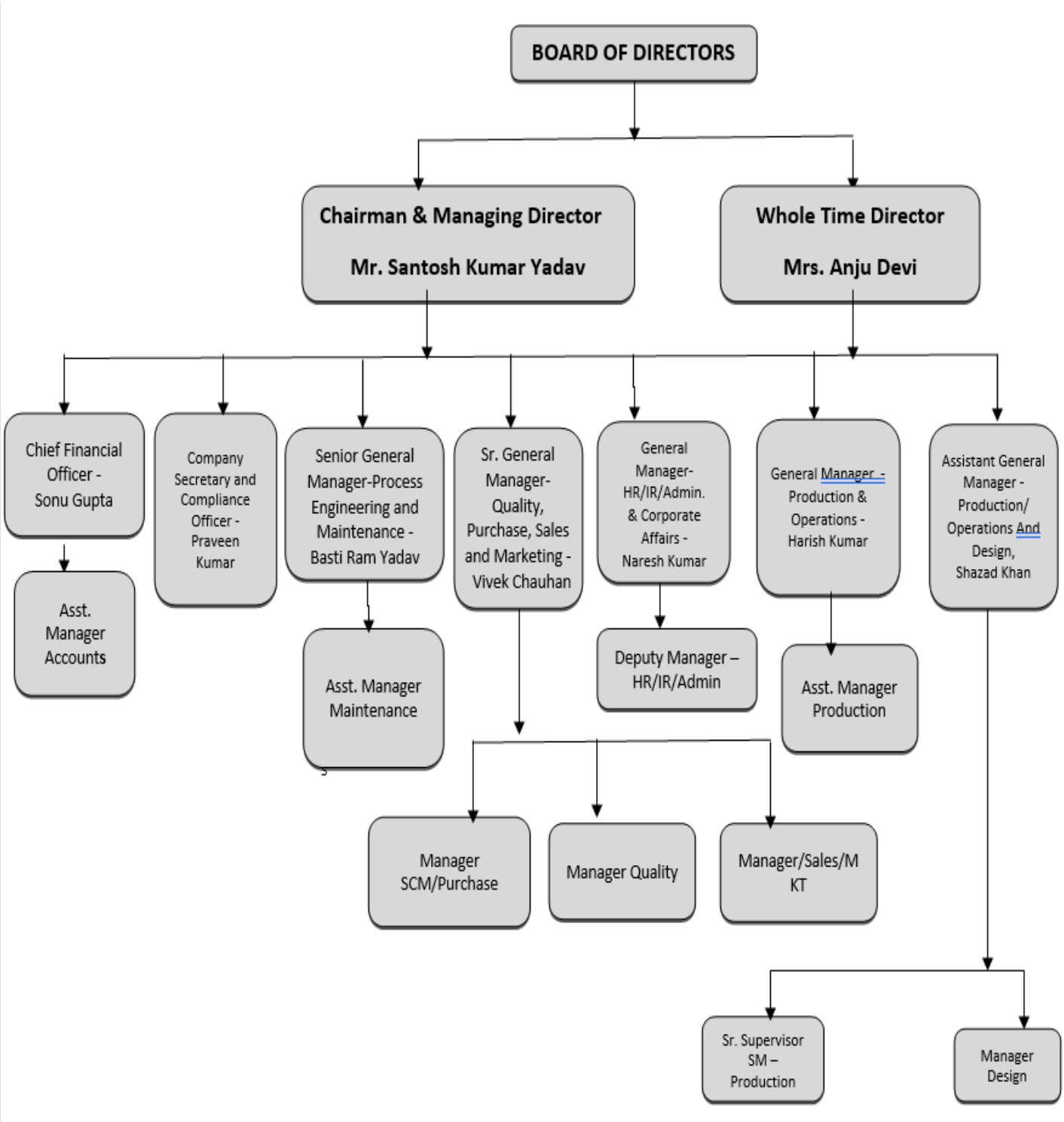
Except as disclosed above, no amount or benefit has been paid or given within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid or given to any of our directors except the normal remuneration for services rendered as Directors.

CHANGES IN THE BOARD IN THE LAST THREE YEARS

Following are the changes in directors of our Company in last three years prior to the date of this Draft Red Herring Prospectus:

Name	Date of Change	Reason
Virender Yadav	February 04, 2021	Resignation as Executive Professional Director
Manohar Lal	March 14, 2023	Appointment as Executive Director
Manohar Lal	May 09, 2023	Re-designated as Non-Executive Director
Anju Devi	May 09, 2023	Re-designated as Whole-Time Director
Santosh Kumar Yadav	May 09, 2023	Re-designated as Managing Director and CEO
Ajay Pal Yadav	May 13, 2023	Appointment as Independent Director
Rajat Raj Yadav	May 13, 2023	Appointment as Independent Director
Bheem Singh Yadav	May 13, 2023	Appointment as Independent Director
Santosh Kumar Yadav	June 06, 2023	Re-designated as Chairman and Managing Director

MANAGEMENT ORGANISATION CHART



CORPORATE GOVERNANCE

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, the SEBI Listing Regulations and in accordance with best practices in corporate governance. The Board function either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board detailed reports on its performance periodically.

Currently, our Board has Six Directors comprising of two Executive Directors, and four Non-Executive Directors (including one woman Director), out of which three are Non-Executive Independent Directors. Further, our Non-Independent Directors are liable to retire by rotation.

COMMITTEES OF THE BOARD

(i) Audit Committee

Our Company has reconstituted an Audit Committee as per Section 177 of the Companies Act, 2013 and all other applicable in any of the Company Act 2013 and the rules made there under and Regulation 18 of the SEBI Listing Regulations *vide* resolution passed at the meeting of the Board held on **August 07, 2023**.

The terms of reference of Audit Committee adheres to the requirements of Regulation 18 of the listing agreement, proposed to be entered into with the Stock Exchanges in due course. The Audit Committee presently comprises of following four Directors:

Name of the Director	Designation	Nature of Directorship
Mr. Bheem Singh Yadav	Chairman	Non-Executive Independent Director
Mr. Rajat Raj Yadav	Member	Non-Executive Independent Director
Mr. Ajay Pal Yadav	Member	Non-Executive Independent Director
Mr. Manohar Lal	Member	Non-Executive Director

The Company Secretary and Compliance Officer of the Company would act as the secretary to the Audit Committee.

The Audit Committee shall inter alia undertake following roles and responsibilities:

1. Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

(i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
(ii) Changes, if any, in accounting policies and practices and reasons for the same.
(iii) Major accounting entries involving estimates based on the exercise of judgment by management;
(iv) Significant adjustments made in the financial statements arising out of audit findings;
(v) Compliance with listing and other legal requirements relating to financial statements;
(vi) Disclosure of any related party transactions; and
(vii) Modified opinion(s) in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence, performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of our Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non – payment of declared dividends) and creditors.
18. Review the functioning of the whistle blower mechanism.
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.
20. Reviewing the utilization of loans and/ or advances from investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
21. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
22. Reviewing the management discussion and analysis of financial condition and results of operations.
23. Reviewing the management letters / letters of internal control weaknesses issued by the statutory auditors.

24. Reviewing the internal audit reports relating to internal control weaknesses.
25. Reviewing the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
26. Reviewing the statement of deviations

    (a) Quarterly Statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
    (b) Annual Statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
27. Such other matters as may be required to be carried out by the Audit Committee pursuant to amendment under any law, from time to time.

Quorum of Audit Committee Meeting

The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of two Independent Directors, who are members, present.

(ii) Nomination and Remuneration Committee

Our Company has constituted a Nomination and Remuneration Committee in accordance with Section 178 of Companies Act, 2013 and all other applicable in any of the Company Act 2013 and the rules made there under and Regulation 19 of SEBI Listing Regulations. The constitution of the Nomination and Remuneration Committee was approved by meeting of the Board held on **August 07, 2023**.

The Nomination and Remuneration Committee comprises of following Directors:

Name of the Director	Designation	Nature of Directorship
Mr. Bheem Singh Yadav	Chairman	Non-Executive Independent Director
Mr. Rajat Raj Yadav	Member	Non-Executive Independent Director
Mr. Manohar Lal	Member	Non-Executive Director

The Company Secretary and Compliance Officer of the Company would act as the secretary to the Nomination and Remuneration Committee. The scope and function of the Nomination and Remuneration Committee and its terms of reference shall include the following:

1. **Tenure**: The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

2. **Quorum of Meetings**: The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance. Meeting of the Nomination and Remuneration Committee shall be called at least seven days' notice in advance.

3. **Role of the Nomination and Remuneration Committee not limited to but includes:**

    - Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees.

- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

  a) use the services of an external agencies, if required;
  b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  c) Consider the time commitments of the candidates.

- Formulation of criteria for evaluation of performance of independent directors and the board of directors, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
- Devising a policy on diversity of board of directors.
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the board, all remuneration, in whatever form, payable to senior management.
- Such other matters as may be required to be carried out by the Nomination and Remuneration Committee pursuant to amendment under any law, from time to time.

(iii) Stakeholders' Relationship Committee

Our Company has constituted a Stakeholders' Relationship Committee in accordance with Section 178 of Companies Act, 2013 and all other applicable in any of the Company Act 2013 and the rules made there under and Regulation 20 of SEBI Listing Regulations to redress complaints of shareholders of our Company. The Stakeholders' Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on **August 07, 2023**.

The Stakeholder's Relationship Committee comprises of following Directors:

Name of the Director	Designation	Nature of Directorship
Mr. Bheem Singh Yadav	Chairman	Non-Executive Independent Director
Mr. Rajat Raj Yadav	Member	Non-Executive Independent Director
Mr. Manohar Lal	Member	Non-Executive Director

The Company Secretary and Compliance Officer of the Company would act as the secretary to the Stakeholders' Relationship Committee.

The Stakeholders Relationship Committee shall oversee all matters pertaining to investors of our Company. The scope and function of the Stakeholders' Relationship Committee and its terms of reference shall include the following:

1. **Tenure:** The Stakeholders' Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholders' Relationship Committee as approved by the Board.

2. **Quorum of Meetings:** The quorum shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.

3. **Role of Stakeholder's Relationship Committee:** The Stakeholders' Relationship Committee shall consider and resolve grievance of security holders, including but not limited to:
   - Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
   - Review of measures taken for effective exercise of voting rights by shareholders;
   - Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
   - Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
   - Such other matters as may be required to be carried out by the Stakeholders Relationship Committee pursuant to amendment under any law, from time to time.

(iv) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was reconstituted by our Board at their meeting held on **August 07, 2023,** in terms of Section 135 of the Companies Act, 2013 and all other applicable in any of the Company Act 2013 and the rules made there under. The Corporate Social Responsibility Committee comprises of following Directors:

Name of the Director	Designation	Nature of Directorship
Mr. Santosh Kumar Yadav	Chairman	Chairman and Managing Director
Mr. Bheem Singh Yadav	Member	Non-Executive Independent Director
Mr. Rajat Raj Yadav	Member	Non-Executive Independent Director

The Company Secretary and Compliance Officer of the Company would act as the secretary to the Corporate Social Responsibility Committee.

The terms of reference of the Corporate Social Responsibility Committee of our Company are as follows:

i. Formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
ii. Review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company.
iii. Annually review the CSR Policy and associated frameworks, processes and practices of the Company and make appropriate recommendations to the Board.
iv. Monitor if the Company is taking appropriate measures to ensure the successful implementation of CSR activities.
v. Formulate and monitor the implementation of the CSR annual action plan, in accordance with the Company's CSR policy and provisions of applicable laws from time to time.
vi. Monitor the administrative overheads in pursuance of CSR activities or projects or programs so that they do not exceed the prescribed thresholds.
vii. Such other matters as may be required to be carried out by the Corporate Social Responsibility Committee pursuant to amendment under any law, from time to time.
viii. To submit a report to the Board of directors on all CSR cctivities undertaken during the Financial Year

(v) Internal Complaints Committee

The Internal Complaints Committee was reconstituted by our Board pursuant to the provisions of Section 4 of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 at their meeting held on August 07, 2023. The Internal Complaints Committee comprises of following Members:

Name of the Director	Designation	Nature of Directorship
Mrs. Anju Devi	Presiding Officer	Whole Time Director
Mr. Naresh Kumar	Member	General manager – HR/IR/Admin & Corporate Affairs
Mr. Praveen Kumar	Member	Company Secretary and Compliance Officer
Mr. Makardhwaj Sharma	Member	External Member (Advocate)

The terms of reference of the Internal Complaints Committee of our Company are as follows:

- To provide a Redressal mechanism for complaints relating to sexual harassment at the workplace.
- To act as Inquiry Authority on a complaint of sexual harassment.
- To ensure that complainant and witnesses are not victimized or discriminated because of their complaint.
- Bring about awareness about what comprises 'sexual harassment' at the workplace by way of workshops, posters, documents, notices, seminars, etc.
- To educate all employees of the Company about:

  a) Sexual harassment at workplace, its effects and laws against it.
  b) Filing a complaint with the Internal Complaint Committee.

- Such other matters as may be required to be carried out by the Internal Complaint Committee pursuant to amendment under any law, from time to time.

KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel and Senior Management of our Company:

Key Managerial Personnel

Santosh Kumar Yadav is the **Chairman and Managing Director** of our Company. For details see, "***Brief Biographies of Directors***" and ***"Remuneration/Compensation paid to Managing Director and Whole-Time Director"*** at page 235 and 237 respectively.

Anju Devi is the **Whole Time Director** of our Company. For details see, "***Brief Biographies of Directors***" and ***"Remuneration/Compensation paid to Managing Director and Whole-Time Director"*** at page 235 and 237 respectively.

Sonu Gupta, Chief Financial Officer

Sonu Gupta, aged 41 years, is the Chief Financial Officer of our Company. He is an associate member of the Institute of Company Secretaries of India. He has completed bachelor's in commerce and bachelor's in law (LLB) from University of Rajasthan. He has previously worked with Leel Electricals Limited and Insecticides India Limited. He has an overall experience of around 12 years in the field of accounts and finance. He joined our Company in 2023 as Chief Financial Officer. His Annual Remuneration is ₹ 15 Lakhs.

Praveen Kumar, Company Secretary cum Compliance Officer

Praveen Kumar, aged 33 years, is the Company Secretary and Compliance Officer of our Company. He is an associate member of the Institute of Company Secretaries of India. He has completed bachelor's in commerce and bachelor's in law (LLB) from University of Rajasthan. He is responsible for undertaking various functions in our Company including ensuring conformity with the regulatory provisions applicable to our Company. He has previously worked with FPI Auto Parts India Private Limited, Midas Infratrade Limited and Gupta Metal Sheets Limited. He has an overall experience of around 10 years. He joined our Company in 2023. His Annual Remuneration is ₹ 8.40 Lakhs.

Senior Management

Except Sonu Gupta, our Chief Financial Officer and Praveen Kumar, our Company Secretary and Compliance Officer who are also our Key Managerial Personnel and whose details are mentioned above, the details of our Senior Management as on the date of this Draft Red Herring Prospectus are as set forth below:

Basti Ram Yadav is the **Senior General Manager-Process Engineering and Maintenance** of our Company. He joined our Company in December 2022. He has completed his Bachelor's in Arts from University of Rajasthan. He also completed the diploma in Business Management from Institute of Management Technology, Ghaziabad and Diploma in Mechanical Engineering from Board of Technical Education, Rajasthan. He has Previously worked with Daikin Airconditioning India Private Limited and Lloyd Electric and Engineering Limited. He has more than 16 years of Experience. His Annual Remuneration is ₹ 18.43 Lakhs.

Vivek Chauhan is the **Sr. General Manager-Quality, Purchase, Sales and Marketing** of our Company**.** He joined our Company in April, 2019. He holds a bachelor's degree in Mechanical Engineering from Impria Institute of Business Management and Technology, New Delhi. He has also completed diploma course in Mechanical Engineering from Seth Jai Prakash Polytechnic, Damla, Yamuna Nagar Haryana. He has Previously worked with Daikin Airconditioning India Private Limited. He has more than 9 years of Experience. His Annual Remuneration is ₹ 17.91 Lakhs.

Naresh Kumar is the **General Manager-HR/IR/Administration and Corporate Affairs** of our Company. He joined our Company in August 2023. He holds MBA Degree in Human Resource Management from J.R.N. Rajasthan Vidyapeeth (Deemed University), Udaipur Rajasthan. He has completed bachelor's in Arts and Master's in Pol. Science from University of Rajasthan. He has Previously worked with Lloyd Electric and Engineering Ltd, Stanley Engineered Fastening India Pvt Ltd and Modern Automotives Ltd. He has more than 14 years of Experience in field of Human Resource. His Annual Remuneration is ₹ 15 Lakhs.

Harish Kumar is the **General Manager-Production and Operations** of our Company. He joined our Company in July 2023. He has completed diploma course in Mechanical Engineering from Govt. Polytechnic Jhajjar, State Board of Technical, Education Haryana. He has also completed AUTOCAD Certificate Course from The Delhi Institute of Computer Science and Internal QMS Auditor Training Course from TQMI affiliated to IRCA. He has previously associated with Mistcold Sales and Services Private Limited, Spirotech Heat Exchangers Private Limited etc. He has more than 21 years of Experience. His Annual Remuneration is ₹ 17.16 Lakhs.

Shazad Khan is the **Assistant General Manager-Production/Operations and Design** of our Company. He joined our Company in August 2023. He has completed bachelor's in mechanical engineering from Karnataka State Open University, Mukhtagangotri, Mysore and diploma in Mechanical Engineering

from Board of Technical Education, Rajasthan. He has previously associated with Micro Coils and Refrigeration Private Limited, Techno Aircon Industries Private Limited etc. He has more than 14 years of Experience. His Annual Remuneration is ₹ 17 Lakhs.

REALTIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Except as mentioned below none of the Key Managerial Personnel and Senior Management of our Company are related to each other as per section 2(77) of the Companies Act, 2013.

NAME OF THE DIRECTOR	NATURE OF RELATIONSHIP
Santosh Kumar Yadav	Husband of Anju Devi
Anju Devi	Wife of Santosh Kumar Yadav

ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS, CUSTOMERS, SUPPLIERS AND OTHERS

None of our Key Managerial Personnel and Senior Management have been selected pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

RETIREMENT AND TERMINATION BENEFITS

Our Key Managerial Personnel and Senior Management have not entered into any service contracts with our Company which include termination or retirement benefits. Except statutory benefits upon termination of their employment in our Company or superannuation, none of the Key Managerial Personnel and Senior Management is entitled to any benefit upon termination of employment or superannuation.

BONUS OR PROFIT-SHARING PLAN OF THE KEY MANAERIAL PERSONNEL AND SENIOR MANAGEMENT

None of the Key Managerial Personnel and Senior Management are party to any bonus or profit-sharing plan of our Company other than the performance linked incentives given to Key Managerial Personnel and Senior Management.

CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

None of our Key Managerial Personnel and Senior Management has received or is entitled to any contingent or deferred compensation accrued for the Financial Year 2023.

STATUS OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

All our Key Managerial Personnel and Senior Management are permanent employees of our Company.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Except disclosed in the section entitled ***"Shareholding of Directors in our Company"*** on page 239 and except mentioned below shareholding of Key Managerial Personnel and Senior Management there have been not hold any Equity Shares in our Company.

S. No.	Name	No. of Equity Shares	Percentage of the pre-issue equity capital (%)	Percentage of the post-issue equity capital (%)
1.	Santosh Kumar Yadav	2,02,99,950	44.00%	[●]
2.	Anju Devi	2,37,00,000	51.37%	[●]
3.	Vivek Chauhan	10	0.00%	[●]
4.	Basti Ram Yadav	10	0.00%	[●]
5.	Shazad Khan	12,000	0.03%	[●]
	GRAND TOTAL	**4,40,11,970**	**95.40%**	**[●]**

CHANGES IN KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT IN THE LAST THREE YEARS

Except as mentioned below, and as specified in ***"Changes in our Board in the last three years"*** on page **240**, there have been no changes in the Key Managerial Personnel and Senior Management in the last three years:

Name	Date of Change	Reason
Narender Kumar	July 31, 2022	Resignation as General Manager- Sales & Marketing
Basti Ram Yadav	December 01, 2022	Appointment as Process Engineering Head
Vivek Chauhan	December 31, 2022	Redesignated as Sr. General Manager- Quality, Purchase, Sales & Marketing
Basti Ram Yadav	December 31, 2022	Redesignated as Sr. General Manager-Process, Engineering and Maintenance
Praveen Kumar	January 11, 2023	Appointment as Company Secretary and Compliance Officer
Surender Singh	May 09, 2023	Appointment as Chief Financial Officer
Harish Kumar	July 03, 2023	Appointment as General Manager-Production & Operations
Surendra Singh	July 19, 2023	Resignation as Chief Financial Officer for better growth opportunities.
Shazad Khan	August 07, 2023	Appointment as Assistant General Manager- Production & Operations and Design
Naresh Kumar	August 11, 2023	Appointment as General Manager-HR/IR/Admin & Corporate Affairs
Sonu Gupta	August 19, 2023	Appointment as Chief Financial Officer

ATTRITION OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

As on the date of filing this Draft Red Herring Prospectus, history of attrition rate of our Key Managerial Personnel and Senior Management of our Company is not higher than the industry attrition rate.

EMPLOYEE STOCK OPTION

For details of our Company's employee stock option, see ***"Capital Structure – Employee Stock Option Scheme"*** on page **98**.

INTERESTS OF KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

Except as disclosed under ***"Interest of Directors"*** on page **239**, our Key Managerial Personnel and Senior Management are interested in our Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service.

PAYMENT OR BENEFIT TO OFFICERS OF OUR COMPANY (NON-SALARY RELATED)

No non-salary amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Managerial Personnel, Senior Management and our Directors within the two preceding years.

OUR PROMOTERS AND PROMOTER GROUP

OUR PROMOTERS

The Promoters of our Company are:

1. **Mr. Santosh Kumar Yadav; and**
2. **Mrs. Anju Devi**

As on the date of this Draft Red Herring Prospectus, Mr. Santosh Kumar Yadav and Mrs. Anju Devi together hold **4,39,99,950 Equity Shares**, representing **95.37%** of the issued, subscribed, and paid-up Equity Share capital of our Company.

For details on shareholding of our Promoters in our Company, please see the section titled ***"Capital Structure – Build-up of Equity Shareholding of our Promoters in our Company"*** shareholding in our Company" on page 102.

DETAILS OF OUR PROMOTERS

SANTOSH KUMAR YADAV:



Mr. Santosh Kumar Yadav, aged 43 years, is the Promoter, Chairman and Managing Director on our Board. For the complete profile of Mr. Santosh Kumar Yadav along with details of his date of birth, personal address, educational qualifications, professional experience, position / posts held in the past, directorships held, and business and financial activities, other directorships, other ventures and special achievements see *"**Our Management – Board of Directors**"* on page 233.

His Permanent Account Number is **ACUPY6612N**

As on date of this Draft Red Herring Prospectus, Mr. Santosh Kumar Yadav holds 2,02,99,950 Equity Shares, representing 44.00% of the pre-issue issued, subscribed and paid-up equity share capital of our Company.

ANJU DEVI:



Mrs. Anju Devi, aged 41 years, is the Promoter and Whole-time Director of our Company. For the complete profile of Mrs. Anju Devi along with details of her date of birth, personal address, educational qualifications, professional experience, position / posts held in the past, directorships held, and business and financial activities, other directorships, other ventures and special achievements see *"**Our Management – Board of Directors**"* on page 233.

Her Permanent Account Number is **BCUPD1581J.**

As on date of this Draft Red Herring Prospectus, Mrs. Anju Devi holds 2,37,00,000 Equity Shares, representing 51.37% of the pre-issue issued, subscribed and paid-up equity share capital of our Company.

Our Company confirms that the permanent account number, bank account number(s), passport number, Aadhar card number and driving license number of our Promoters, shall be submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

CHANGE IN THE CONTROL OF OUR COMPANY

All our Promoters are the original promoters of our Company. There has not been any change in control of our Company in during the five years immediately preceding the date of this Draft Red Herring Prospectus.

INTERESTS OF PROMOTERS

Our Promoters are interested in our Company to the extent they have (i) promoted our Company, (ii) to the extent of their respective shareholdings in our Company (iii) their directorship in our company (iv) the dividends payable and other distribution in respect of their respective shareholdings in our Company, from time to time. Further, our Promoter Mr. Santosh Kumar Yadav is interested to the extent of his shareholding in our Wholly Owned Subsidiary, KRN HVAC Products Private Limited. Our Promoters are also interested to the extent of shareholding of their relatives in our Company. For further details of shareholding of our Promoters in our Company, see ***"Capital Structure – Build-up of Equity Shareholding of our Promoters in our Company"*** beginning on page 102.

Additionally, our Promoters may be interested in transactions entered into by our Company with other entities (i) in which our Promoters hold shares, or (ii) controlled by our Promoters.

For further details of interest of our Promoters in our company, see ***"Restated Financial Information Note* 41 *– Related Party Transactions"*** on page 312.

Our Promoters may also be deemed to be interested to the extent of the remuneration, benefits and reimbursement of expenses payable to them as Directors on our Board. For further details see ***"Our Management"*** on page 233.

Except Mr. Santosh Kumar Yadav and Mrs. Anju Devi who are Promoters and directors of our Company holding 4,39,99,950 equity shares (95.37%), none of our other directors or Group Company have any interest in the promotion of our Company.

Our Promoters are not interested as a member of a firm or company, and no sum has been paid, or agreed to be paid to our Promoters or to any firm or company, in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a director, promoter or otherwise for services rendered by such Promoters or by such firm or company, in connection with the promotion or formation of our Company.

Except to the extent of their directorship and shareholding in our Group Company, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. For further details see ***"Our Management"*** on page 233.

None of our Promoters are interested in any other entity which holds any intellectual property rights that are used by our Company.

Our Promoters may also be interested to the extent of providing personal guarantees for some of the loans taken by our Company. For details see "***Capital Structure – Equity Shareholding of the Promoters and Promoter Group***", ***"Our Management" and "Restated Financial Information – Note* 41 *(Related Parties Transactions)"*** on page 103, 233 and 312.

INTEREST IN PROPERTY, LAND, CONSTRUCTION OF BUILDING AND SUPPLY OF MACHINERY

Except as stated in the sections entitled ***"Our business"*** and ***"Restated Financial Information Note* 41-*Related Party transactions"*** beginning on page 189 and 312 respectively.
Our Promoters have no interest, whether direct or indirect, in any property acquired by our Company within the preceding three years from the date of this Draft Red Herring Prospectus or proposed to be acquired by it, or in any transaction by our Company with respect to the acquisition of land, construction of building or supply of machinery.

PAYMENT OR BENEFITS TO PROMOTERS OR PROMOTER GROUP

Except as disclosed below and as stated in ***"Restated Financial Information Note* 41 – *Related Party Transactions"*** and ***"Our Management"*** on pages 312 and 233, respectively, there has been no amounts paid or benefits granted by our Company to our Promoters or any of the members of the Promoter Group in the two years preceding the date of this Draft Red Herring Prospectus, nor is there any intention to pay any amount or provide any benefit to our Promoters or Promoter Group as on the date of this Draft Red Herring Prospectus.

DISASSOCIATION BY PROMOTERS IN THE LAST THREE YEARS

Except as stated hereunder, our Promoters, namely, Santosh Kumar Yadav and Anju Devi have not disassociated themselves from any companies or firm during the preceding three years from the date of filing of this Draft Red Herring Prospectus.

S. No.	Name of the company / firm disassociated from	Name of the Promoter(s)	Date of Disassociation	Reason for and circumstances leading to disassociation and terms of disassociation	Business Details of Disassociated Company/Firms
1	Gomega Transmission Private Limited	Santosh Kumar Yadav and Anju Devi	30.06.2023	Resignation u/s 168 of the Companies Act 2013 and ceasing to hold any shares in the company	Engaged in the business to set up Aluminum, Steel, ferrous and non-ferrous melting furnaces, converters, AP Lines and casting facilities to produce Aluminum, stainless steel, ferrous and non-ferrous metals, alloy steels, steel and nonferrous ingots, continuous cast slabs, blooms, rounds, billets of various cross-sections, alloys and special steel, to make and deal in ferrous/non-ferrous and special alloys & steels including non-metallic and its allied activities.

MATERIAL GUARANTEES BY OUR PROMOTERS

Our Promoters have not provided any material guarantees to third party (ies) with respect to the Equity Shares of the Company as on the date of this Draft Red Herring Prospectus.

EXPERIENCE OF OUR PROMOTERS IN THE BUSINESS OF OUR COMPANY

For details in relation to experience of our Promoters in the business of our Company, please refer to the chapter titled ***"Our Management"*** on page 233.

LITIGATION INVOLVING OUR PROMOTERS

Except as disclosed in ***"Outstanding Litigations and Material Developments"*** on page 359, there are no legal and regulatory proceedings involving our Promoters as on the date of this Draft Red Herring Prospectus.

PROMOTER GROUP

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

(a) Natural persons who are part of the Promoter Group

The natural persons who are part of our Promoter Group (being the immediate relatives of our Promoters), apart from our Promoters mentioned above are as follows:

Sr. No.	Name of the Promoter	Name of the Relative	Relationship with the Promoter
1.	Santosh Kumar Yadav	Balbir Singh	Father
		Kamla Devi	Mother
		Anju Devi	Spouse
		Komal Yadav	Daughter
		Ridham Yadav	
		Naisha Yadav	
		Manohar Lal	Brother
		Maya Rani	Sister
		Seema Devi	
		Late Chander Singh	Spouse's Father
		Somwati Devi	Spouse's Mother
		Rakesh Kumar Yadav	Spouse's Brother
		Sudesh Devi	Spouse's Sister
		Neelam Yadav	
2.	Anju Devi	Late Chander Singh	Father
		Somwati Devi	Mother
		Santosh Kumar Yadav	Spouse
		Komal Yadav	Daughter
		Ridham Yadav	
		Naisha Yadav	
		Sudesh Devi	Sister
		Neelam Yadav	
		Rakesh Kumar Yadav	Brother
		Balbir Singh	Spouse's Father
		Kamla Devi	Spouse's Mother
		Manohar Lal	Spouse's Brother
		Maya Rani	Spouse's Sister
		Seema Devi	

(b) Entities forming part of the Promoter Group

As of the date of this Draft Red Herring Prospectus, the companies, bodies corporate, firm, trust and HUF forming part of our Promoter Group are as follows:

Body corporates forming part of the Promoter Group

1. KRNCOILS Private Limited

Firms forming part of the Promoter Group

NIL

Hindu Undivided Families (HUF's) forming part of the Promoter Group

NIL

OUR GROUP COMPANIES

Under the SEBI ICDR Regulations, the definition of 'group companies' includes (a) such companies (other than the promoters and subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under applicable accounting standards, and (b) such other companies as are considered material by our Board vide the Board Resolution dated **October 21, 2023**.

Accordingly, all such companies with which our company had related party transactions as covered under the relevant accounting standard (i.e., Ind AS 24) as per the Restated Financial Information, have been considered as group companies in terms of the SEBI ICDR Regulations.

Additionally, in respect of point (a) above, pursuant to the resolution passed by our Board at its meeting dated **October 21, 2023**, our Board considered and adopted policy of materiality for identification of group companies that shall be considered material and disclosed as a group company in this Draft Red Herring Prospectus. In terms of such materiality policy if a company has entered into one or more transactions with the company derived from the restated financial information for the period ended on September 30, 2023 and for the Financial Year ended on March 31, 2023, 2022 and 2021.

Accordingly, based on the above, our Board has identified the following company as our Group Company:

- **KRNCOILS Private Limited;**

In accordance with the SEBI ICDR Regulations certain financial information in relation to our Group Company for the previous three Financial Years, extracted from its respective audited financial statements (as applicable) are available at the respective websites indicated below. These are collectively referred to as the ***"Group Company Financial Information"***.

Our Company is providing links to such websites solely to comply with the requirements specified under the SEBI ICDR Regulations.

None of our Company, the BRLM, or any of the Company's respective Directors, employees, affiliates, associates, advisors, agents or representatives have verified the information available on the websites indicated below.

DETAILS OF OUR GROUP COMPANY

The details of our Group Company are provided below:

KRNCoils PRIVATE LIMITED

Corporate Information:

KRNCoils Private Limited is a private company having its registered office at Plot No F-46-47 EPIP RIICO Industrial Area, Neemrana, Alwar Rajasthan-301705 India. It was incorporated on February 23, 2021, under the Companies Act, 2013. The corporate identification number of KRNCoils Private Limited is U52339RJ2021PTC073633.

Financial Performance:

In accordance with the SEBI ICDR Regulations, financial information in relation to KRNCoils Private Limited for FY 2022-23, FY 2021-22 and FY 2020-21 are available on our Company's website at https://www.krnheatexchanger.com/investors.

NATURE AND EXTENT OF INTEREST OF OUR GROUP COMPANY

a) Interest in the promotion or formation of our Company

Our Group Company has no interest in the promotion or formation of our Company.

b) Interest in the properties acquired or proposed to be acquired by our Company in the past three years before filing of this Draft Red Herring Prospectus

Our Group Company has no interest in the properties acquired by our Company within the three years preceding the date of filing this Draft Red Herring Prospectus.

c) Interest in transactions for acquisition of land, construction of building and supply of machinery

Our Company has no interest in any transaction for the acquisition of land, construction of building or supply of machinery etc.

LITIGATION

Except as stated in the chapter titled *"**Outstanding Litigations and Material Developments**"* beginning on page 359, there is no pending litigation involving our Group Company which may have a material impact on our Company.

COMMON PURSUITS BETWEEN OUR GROUP COMPANY AND OUR COMPANY

The predominant business activity of the Company is in the manufacturing and sale of Heating Ventilation & Air Conditioning (HVAC) parts & accessories. Apart from this, the Company is also into manufacturing of condenser coils. Our Company is not engaged in any other business other than this.

The object clause or constitutional documents of KRNCoils Private Limited permit it to undertake similar business to that of the business of the Company. KRNCoils Private Limited is engaged in the business of trading condensing coils and other parts of refrigerating systems specifically, which may be in conflict of interest with the business of the Company. However, our Group Company is not engaged in the business of manufacturing of condenser coils or Heating Ventilation & Air Conditioning (HVAC) parts and accessories. For details, see ***"Risk Factors No. 52 - Our Promoters or Directors may have interests, either directly or indirectly, in ventures involved in our business similar to us, which may result in a real or potential conflict of interest"*** on page 67 of this Draft Red Herring Prospectus

Related Business Transactions within the Group and Significance on the Financial Performance of Our Company:

Except as disclosed in *"**Restated Financial Information – Note 41 Related Parties Transactions**"* on page 312, there are no other related business transactions between our Group Company and our company.

BUSINESS INTERESTS

Except in the ordinary course of business and as stated in *"**Restated Financial Information – Note 41***

Related Parties Transactions" on page 312, none of our Group Companies have any business interest in our Company.

Utilisation of Issue Proceeds

There are no material existing or anticipated transactions with our Group Companies in relation to utilisation of the Issue Proceeds.

DIVIDEND POLICY

The Board of Directors at its meeting held on **August 07, 2023**, has adopted a dividend distribution policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act (together with applicable rules issued thereunder).

Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, profits earned and available for distribution during the Financial Year, accumulated reserves, including retained earnings, earning stability, mandatory transfer of profits earned to specific reserves, crystallization of contingent liabilities of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under our current or future loan or financing documents. For more information on restrictive covenants under our current loan agreements, see ***"Financial Indebtedness"*** on page 330. Our Company may pay dividend by cheque, or electronic clearance service, as will be approved by our Board in the future. Our Board may also declare interim dividend during the Financial Year, between two annual general meetings as and when they consider fit. We may retain our earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run.

Our Company has not declared any dividends on the Equity Shares during the last three Financial Years, and the period from March 31, 2023, until the date of this Draft Red Herring Prospectus.

For details in relation to the risk involved, see ***"Risk Factors No. 46 – Our ability to pay dividends or conduct share buybacks in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and lender consents and we cannot assure you that we will be able to pay dividends or conduct Share buybacks in the future"*** on page 65.

SECTION V – FINANCIAL INFORMATION

RESTATED FINANCIAL INFORMATION

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Independent Auditor's Examination Report on Restated Consolidated and Standalone Financial Information

The Board of Directors
KRN Heat Exchanger and Refrigeration Limited
(Formerly known as KRN Heat Exchanger and Refrigeration Limited)
Plot No. F-46,47,48,49 EPIP, RIICO Industrial Area, Neemrana,
Rajasthan-301705, India

Dear Sir,

1. We have examined the attached Restated Consolidated and Standalone Financial Information *(as defined hereinafter)* of KRN Heat Exchanger And Refrigeration Limited (Formerly known as KRN Heat Exchanger And Refrigeration Private Limited) ("**the Company**" or **"the issuer"**), and its wholly owned subsidiary company KRN HVAC Products Private Limited ("**the subsidiary") (**the company and the subsidiary together **"the group"**) comprising the Consolidated Restated Statement of Assets and Liabilities as at September 30, 2023, and Standalone Restated Statement of Assets and Liabilities for the Financial Year ended on March 31, 2023, March 31, 2022 and March 31, 2021, the Consolidated Restated Statements of Profit and Loss (including other comprehensive income), and Standalone Restated Statement of Profit and Loss (including other comprehensive income the Financial Year ended on March 31, 2023, March 31, 2022 and March 31, 2021, the Consolidated Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the period ended September 30, 2023 and Standalone Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the Financial Year ended March 31, 2023, March 31, 2022 and March 31, 2021, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "**Restated Financial Information**"), as approved by the Board of Directors of the Company at their meeting held on 19th December, 2023 for the purpose of inclusion in the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus (**"DRHP/RHP/Prospectus"**) prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("**IPO**") prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
   b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("**ICAI**"), as amended from time to time (the "**Guidance Note**").

1.1 The company does not have subsidiary as at March 31, 2023, March 31, 2022 and March 31, 2021 and is not required to prepare consolidated financial statement as at March 31, 2023, March 31, 2022 and March 31, 2021.

2. The Board is responsible for the preparation of the Restated Consolidated and Standalone Financial Information for the purpose of inclusion in the DRHP/RHP/Prospectus to be filed with Securities and Exchange Board of India **("SEBI")**, the stock exchanges where the equity shares of the Company are proposed to be listed **("Stock Exchanges")** and RHP/Prospectus to be filled with Registrar of Companies, Jaipur, Rajasthan **("ROC")**, in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note No. 1 to the Restated Financial Information.

3. The responsibilities of the Board of Directors of the group includes designing, implementing, and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated and Standalone Financial Information. The Board is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

4. We have examined such Restated Consolidated and Standalone Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 28th January, 2023 in connection with the proposed IPO of equity shares of the Company;
   b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
   d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist the board of directors in meeting their responsibilities in relation to the compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO.

5. These Restated Consolidated and Standalone Financial Information have been compiled by the management from:

   a) Audited Consolidated financial statements of the group as at and for the period ended September 30, 2023 prepared in accordance with Ind AS notified under Companies Act, 2013 specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on 18th December, 2023.
   b) Audited Standalone financial statements of the Company audited and reported by us for the period ended September 30, 2023 prepared in accordance with Ind AS notified under Companies Act, 2013 specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on 15th December, 2023.
   c) Audited Standalone financial statements of the Company audited and reported by us for the year ended March 31, 2023 prepared in accordance with Ind AS notified under Companies Act, 2013 specified under section 133 of the Act and other

accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on 20th August, 2023.

d) Audited Standalone financial statements of the Company as at and for the years ended, March 31, 2022 and March 31, 2021 prepared in accordance with the accounting standards notified under the section 133 of the Act (**"Indian GAAP"**) and other accounting principles generally accepted in India, at the relevant time, which have been Audited and reported by erstwhile Statutory Auditor Sharma S K & Associates, Chartered Accountants.

e) The financial information for the period ended September 30, 2023 and year ended March 31, 2023, March 31, 2022 and March 31, 2021 included in such restated financial information have been prepared by the management by preparing/adopting Ind-AS financial statements wherein Ind-AS transition / restatement adjustments have been made to the audited financial statements of the Company and prepared in accordance with the Indian accounting standards as notified under Companies Act, 2013.

6. For the purpose of our examination, we have relied on:

a) Auditors' report issued by us dated 18th December, 2023 on the Consolidated financial statements of the Company as at 30th September, 2023.

b) Auditors' report issued by us dated 15th December, 2023 on the Standalone financial statements of the Company as at 30th September, 2023.

c) Auditors' report issued by us dated 20thAugust, 2023 on the Standalone financial statements of the Company as at 31st March, 2023.

d) Auditors' Report issued by Sharma S K & Associates & Associates, Chartered Accountants, dated September 02, 2022, & August 18, 2021 on the Standalone financial statements of the Company as at and for the years ended March 31, 2022, March 31, 2021 respectively.

The Ind-AS transition and restatement adjustments made to such audited financial statements [referred as above] to comply with Ind-AS along with the basis of preparation set out in Note 1 to the Restated Financial Information and statement of reconciliation thereof set out in Note 50, have been verified by us.

7. Based on our examination and according to the information and explanations given to us, we report that the Restated Consolidated and Standalone Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping / reclassifications retrospectively in the financial period ended on September 30, 2023 and Financial Year ended on March 31, 2023, March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the period ended September 30, 2023;

b) have been prepared after incorporating IND AS Adjustment to the audited Indian GAAP financial statements as at and for the year ended March 31, 2022 and March 31, 2021 as mentioned in notes to restated financial information

c) does not contain any qualification requiring adjustments.
d) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. The Restated Consolidated and Standalone Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned as above

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP/RHP/Prospectus to be filed with SEBI, Stock Exchanges and ROC in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Keyur Shah & Co.
Chartered Accountants
FRN.: 141173W

Keyur Shah
Proprietor
Membership No.: 153774
UDIN - 23153774BGWMER9918

Date: 19th December, 2023
Place: Ahmedabad

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Consolidated / Standalone Restated Balance Sheet as at 30th September, 2023

(Rs. in Lakhs)

Sr. No.	Particulars	Note No.	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
I	**ASSETS**					
A	**Non-Current Assets**					
	a) Property Plant & Equipments and Intangible asset	2	2,841.82	3,214.65	2,131.91	2,128.33
	b) Capital Work-in-progress	2	507.51	-	-	-
	c) Financial Assets					
	- Other Financial Assets	3	75.45	72.83	38.61	4.95
	d) Other Non-Current Assets	4	-	11.00	11.00	-
	Total Non-Current Assets		**3,424.78**	**3,298.48**	**2,181.52**	**2,133.28**
B	**Current Assets**					
	a) Inventories	5	7,302.65	5,508.43	2,130.85	547.48
	b) Financial Assets					
	- Trade receivables	6	4,228.11	3,865.83	2,979.02	1,751.65
	- Cash and Cash Equivalents	7	458.17	745.70	536.05	21.02
	- Other Bank Balances	8	935.72	805.00	882.64	620.64
	- Loans	9	95.08	100.73	54.97	0.52
	- Other Financial Assets	10	36.97	17.66	6.87	3.65
	c) Other Current Assets	11	1,656.43	246.51	507.27	119.37
	d) Other Tax Assets (net)	12	39.67	287.57	-	41.92
	Total Current Assets		**14,752.80**	**11,577.43**	**7,097.67**	**3,106.25**
	TOTAL ASSETS		**18,177.58**	**14,875.91**	**9,279.19**	**5,239.53**
II	**EQUITY AND LIABILITIES**					
1	**EQUITY**					
	a) Equity Share capital	13	4,400.00	4,400.00	440.00	440.00
	b) Other Equity - attributable to owners of the company	14	3,557.08	1,557.01	2,113.15	866.02
	Total Equity		**7,957.08**	**5,957.01**	**2,553.15**	**1,306.02**
2	**Minority Interest**		0.05	-	-	-
3	**LIABILITIES**					
A	**Non-Current Liabilities**					
	a) Financial Liabilities					
	- Long Term Borrowings	15	1,557.74	1,653.86	1,100.59	1,079.19
	b) Long Term Provisions	16	41.80	35.46	25.54	14.99
	c) Deferred Tax Liabilities (Net)	17	13.61	28.59	35.70	31.69
	Total Non-Current Liabilities		**1,613.15**	**1,717.91**	**1,161.83**	**1,125.87**
B	**Current Liabilities**					
	a) Financial Liabilities					
	- Short Term Borrowings	18	2,959.30	2,010.57	1,111.62	585.83
	- Trade payables	19				
	(i) Total outstanding dues of other than Micro Enterprise and Small Enterprises		5,061.87	4,479.73	3,704.27	1,925.67
	(ii) Total outstanding dues of Micro Enterprise and Small Enterprises		413.35	461.22	315.61	215.17
	b) Short-Term Provisions	20	124.66	97.19	68.13	49.10
	c) Other Current Liabilities	21	48.12	152.28	300.59	31.87
	d) Current Tax Liabilities (Net)	22	-	-	63.99	-
	Total Current Liabilities		**8,607.30**	**7,200.99**	**5,564.21**	**2,807.64**
	Total Liabilities		**10,220.45**	**8,918.90**	**6,726.04**	**3,933.51**
	TOTAL EQUITY & LIABILITIES		**18,177.58**	**14,875.91**	**9,279.19**	**5,239.53**
	The accompanying notes are integral part of these Consolidated / Standalone restated financial statements	1-53				

As per our report of even date
For, Keyur Shah & Co.
F.R. No: 141173W
Chartered Accountants

Keyur Shah
Proprietor
M.No. 153774

Date :- 19th December, 2023
Place :- Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman And Managing Director
(DIN: 07789940)

Anju devi
Whole Time Director
(DIN: 06858442)

Praveen Kumar
Company Secretary
(PAN:- CJKPK0140E)

Sonu Gupta
Chief Financial Officer
(PAN: ANIPG2743D)

Date :- 19th December, 2023
Place :- Neemrana

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Consolidated / Standalone Restated Statement of Profit & Loss for the period ended 30th September 2023 (Rs. in Lakhs)

Sr. No.	Particulars	Note No.	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
I	**Income**					
	a) Revenue from operations	23	16,064.24	24,748.08	15,611.46	7,582.42
	b) Other income	24	221.07	240.43	211.07	98.53
	Total Income		**16,285.31**	**24,988.51**	**15,822.53**	**7,680.95**
II	**Expenses**					
	a) Cost of materials consumed	25	11,910.95	18,490.16	12,465.28	6,110.16
	b) Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	26	(208.31)	(861.29)	(201.42)	(44.93)
	c) Employee Benefit Expenses	27	708.56	927.80	607.21	478.96
	d) Finance costs	28	202.37	305.37	154.38	127.97
	e) Depreciation and amortization expense	29	200.57	317.14	253.53	173.06
	f) Other Expenses	30	738.84	1,259.66	1,046.83	495.65
	Total Expenses		**13,552.98**	**20,438.84**	**14,325.81**	**7,340.87**
III	**Profit Before Tax (PBT) (I-II)**		**2,732.33**	**4,549.67**	**1,496.72**	**340.08**
IV	**Tax Expense**					
	a) Current tax	31	814.82	1,325.50	433.66	77.13
	b) Deferred tax	31	(15.46)	(7.18)	4.02	16.39
	Total Tax Expenses		**799.36**	**1,318.32**	**437.68**	**93.52**
V	**Profit After Tax (PAT) (III-IV)**		**1,932.97**	**3,231.35**	**1,059.04**	**246.56**
VI	**Other Comprehensive (Income) / Expense**					
	a) Items that will not be reclassified to Profit & Loss		(1.66)	(0.22)	0.04	0.40
	Income tax in respect of above		0.48	0.06	(0.01)	(0.11)
	b) Items that may be reclassified to Profit & Loss		-	-	-	-
	Income tax in respect of above		-	-	-	-
	Total Other Comprehensive Income		**(1.18)**	**(0.16)**	**0.03**	**0.29**
VII	**Total Comprehensive Income for the Year (V-VI)**		**1,934.15**	**3,231.51**	**1,059.01**	**246.27**
VIII	**Earnings per equity share of Rs. 10/- each (in Rs.)**					
	a) Basic/Diluted	32	4.39	7.34	24.07	5.60
	b) Adjusted	32	4.39	7.34	2.41	0.56
	Notes to Account	1-53				

As per our report of even date
For, Keyur Shah & Co.
F.R. No: 141173W
Chartered Accountants

Keyur Shah
Proprietor
M.No. 153774

Date :- 19th December, 2023
Place :- Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman And Managing Director
(DIN: 07789940)

Anju devi
Whole Time Director
(DIN: 06858442)

Praveen Kumar
Company Secretary
(PAN:- CJKPK0140E)

Sonu Gupta
Chief Financial Officer
(PAN: ANIPG2743D)

Date :- 19th December, 2023
Place :- Neemrana

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Consolidated / Standalone Restated Cashflow Statement for the period ending on 30th September, 2023 **(Rs. in Lakhs)**

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
CASH FLOW FROM OPERATING ACTIVITIES				
Net profit Before Tax	2,732.33	4,549.67	1,496.72	340.08
Adjustments For:				
Depreciation	200.57	317.14	253.53	173.06
Adjustment related Transaction to IND AS				0.36
Adjustment related To OCI	1.66	0.22	(0.04)	(0.40)
Interest Received	(20.64)	(35.41)	(30.08)	(15.34)
Prior Period Items	-	-	-	25.61
Interest and Finance Charges	202.37	305.37	154.38	127.97
Operating Profit before working capital changes	**3,116.29**	**5,136.99**	**1,874.51**	**651.34**
Adjustment For:				
Changes in Inventories	(1,794.22)	(3,377.58)	(1,583.37)	(190.91)
Changes in Trade receivables	(362.28)	(886.81)	(1,227.37)	(474.59)
Changes in Other Financial Asset	(19.31)	(10.79)	(3.22)	(3.65)
Changes in Other Current Asset	(1,343.99)	433.11	(199.79)	325.86
Change in Other Bank Balance	(130.72)	77.64	(262.00)	(620.64)
Changes in Trade Payables	534.26	921.07	1,879.04	429.91
Changes in Long Term Provision	6.34	9.92	10.55	11.98
Changes in Short Term Provisions	27.47	29.08	19.03	(65.37)
Changes in Current Tax Liablities (Net)	-	(63.99)	63.99	-
Changes in Current Tax Asset (Net)	247.90	(287.57)	41.92	(41.92)
Changes in Other Current Liabilities	(104.16)	(148.32)	268.72	(77.99)
Cash Generated from Operations	**177.58**	**1,832.75**	**882.01**	**(55.98)**
Taxes Paid	(814.82)	(1,325.50)	(433.66)	(77.13)
Net Cash From /(Used In) Operating Activities (A)	**(637.24)**	**507.25**	**448.35**	**(133.11)**
Cash Flow From Investing Activities				
(Purchase) / Sale of Fixed Assets/ Capital Work In Progress	(335.25)	(1,399.88)	(257.11)	(1,308.79)
Changes in Other Financial Asset	(2.62)	(34.22)	(33.66)	(3.16)
Interest Received	20.64	35.41	30.08	15.34
Changes Due to Minority Interest	0.05	-	-	-
Changes in Other Non-Current Asset	11.00	-	(11.00)	-
Net Cash From /(Used In) Investing Activities (B)	**(306.18)**	**(1,398.69)**	**(271.69)**	**(1,296.61)**
Cash Flow From Financing Activities				
Interest and Finance Charges	(202.37)	(305.37)	(154.38)	(127.97)
Changes in Short Term Borrowing	948.73	898.95	525.80	525.85
Changes in Short-term loans and advances	5.65	(45.76)	(54.45)	(0.52)
Changes in Long Term Borrowing	(96.12)	553.27	21.40	540.12
Net Cash From Financing Activities (C)	**655.89**	**1,101.09**	**338.37**	**937.48**
Net Increase / (Decrease) in Cash (A)+(B)+(C)	(287.53)	209.65	515.03	(492.24)
Cash and Cash equivalents at the beginning of the year	745.70	536.05	21.02	513.26
Cash and Cash equivalents at the end of the year	**458.17**	**745.70**	**536.05**	**21.02**

NOTE: The above cash flow has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) 7 - statement of cash flows.

As per our report of even date
For, Keyur Shah & Co.
F.R. No: 141173W
Chartered Accountants

Keyur Shah
Proprietor
M.No. 153774

Date :- 19th December, 2023
Place :- Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman And Managing Director
(DIN: 07789940)

Anju devi
Whole Time Director
(DIN: 06858442)

Praveen Kumar
Company Secretary
(PAN:- CJKPK0140E)

Sonu Gupta
Chief Financial Officer
(PAN: ANIPG2743D)

Date :- 19th December, 2023
Place :- Neemrana

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Consolidated / Standalone Restated Statement of Changes In Equity for the Period Ended on 30th September, 2023

A. Equity Share Capital

(Rs. in Lakhs)

Particulars	Amount
As at 1 April 2023	**4,400.00**
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 1 April 2023	4,400.00
Changes in Equity Share Capital during the year	
As at 30 September 2023	**4,400.00**

Particulars	Amount
As at 1 April 2022	**440.00**
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 1 April 2022	440.00
Changes in Equity Share Capital during the year	3,960.00
As at 31 March 2023	**4,400.00**

Particulars	Amount
As at 1 April 2021	**440.00**
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 1 April 2021	440.00
Changes in Equity Share Capital during the year	-
As at 31 March 2022	**440.00**

Particulars	Amount
As at 1 April 2020	**440.00**
Changes in Equity Share Capital due to prior period errors	-
Restated balance as at 1 April 2020	440.00
Changes in Equity Share Capital during the year	-
As at 31 March 2021	**440.00**

B. Other Equity

(Rs. in Lakhs)

Particulars	Reserves & Surplus	Deferred Grants	Other Comprehensive Income	Total
	Retained earnings			
Balance as at 1 April, 2023	**937.30**	**619.87**	**(0.16)**	**1,557.01**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance as at 1 April 2023	**937.30**	**619.87**	**(0.16)**	**1,557.01**
Net Profit/ (Loss) during the Year	1,932.97		-	1,932.97
Changes during the year	-	65.92		65.92
Remeasurement Gain/(Loss) on defined benefit plan (net of tax)	-	-	1.18	1.18
Total Comprehensive Income/ (Expense)	**1,932.97**	**65.92**	**1.18**	**2,000.07**
Balance as at 30 September, 2023	**2,870.27**	**685.79**	**1.02**	**3,557.08**

Particulars	Reserves & Surplus	Deffered Revenue Grant Income	Other Comprehensive Income	Total
	Retained earnings			
Balance as at 1 April, 2022	**1,665.95**	**447.52**	**(0.32)**	**2,113.15**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance as at 1 April 2022	**1,665.95**	**447.52**	**(0.32)**	**2,113.15**
Net Profit/ (Loss) during the Year	3,231.35	-	-	3,231.35
Changes during the year	(3,960.00)	172.35	-	(3,787.65)
Remeasurement Gain/(Loss) on defined benefit plan (net of tax)	-	-	0.16	0.16
Total Comprehensive Income/ (Expense)	**(728.65)**	**172.35**	**0.16**	**(556.14)**
Balance as at 31 March, 2023	**937.30**	**619.87**	**(0.16)**	**1,557.01**

Particulars	Reserves & Surplus	Deffered Revenue Grant Income	Other Comprehensive Income	Total
	Retained earnings			
Balance as at 1 April, 2021	**606.91**	**259.40**	**(0.29)**	**866.02**
Changes in accounting policy or prior period errors	-	-	-	-
Restated balance as at 1 April 2021	**606.91**	**259.40**	**(0.29)**	**866.02**
Net Profit/ (Loss) during the Year	1,059.04		-	1,059.04
Changes during the year	-	188.12		188.12
Remeasurement Gain/(Loss) on defined benefit plan (net of tax)	-	-	(0.03)	(0.03)
Total Comprehensive Income/ (Expense)	**1,059.04**	**188.12**	**(0.03)**	**1,247.13**
Balance as at 31 March, 2022	**1,665.95**	**447.52**	**(0.32)**	**2,113.15**

(Rs. in Lakhs)

Particulars	Reserves & Surplus	Deffered Revenue Grant Income	Other Comprehensive Income	Total
	Retained earnings			
Balance as at 1 April, 2020	**397.17**	**187.23**	**-**	**584.40**
Changes in accounting policy or prior period errors	14.27		-	14.27
Restated balance as at 1 April 2020	**411.44**	**187.23**	**-**	**598.67**
Net Profit/ (Loss) during the Year	246.56		-	246.56
Subsidy Adjustment	(51.09)			(51.09)
Changes during the year		72.17		72.17
Remeasurement Gain/(Loss) on defined benefit plan (net of tax)	-		(0.29)	(0.29)
Total Comprehensive Income/ (Expense)	**195.47**	**72.17**	**(0.29)**	**267.35**
Balance as at 31 March, 2021	**606.91**	**259.40**	**(0.29)**	**866.02**

Note:- Figures disclosed above for the FY 2020-21, 2021-22 & 2022-23 are on standalone basis and Figures for the period from 01-04-2023 to 30-09-2023 / as at 30-09-2023 are on Consolidated basis

Nature and Purpose of Reserves

(a) Securities Premium: The amount received in excess of face value of the equity shares is recognised in securities premium reserve

(b) Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions to shareholders.

The accompanying notes are integral part of these Consolidated / Standalone restated financial statements

As per our report of even date
For, Keyur Shah & Co.
F.R. No: 141173W
Chartered Accountants

Keyur Shah
Proprietor
M.No. 153774

Date :- 19th December, 2023
Place :- Ahmedabad

For and on the behalf of Board of Directors
For KRN Heat Exchanger and Refrigeration Limited

Santosh Kumar Yadav
Chairman And Managing Director
(DIN: 07789940)

Anju devi
Whole Time Director
(DIN: 06858442)

Praveen Kumar
Company Secretary
(PAN:- CJKPK0140E)

Sonu Gupta
Chief Financial Officer
(PAN: ANIPG2743D)

Date :- 19th December, 2023
Place :- Neemrana

KRN heat Exchanger And Refrigeration Limited

(Formerly Known as KRN heat Exchanger And Refrigeration Private Limited)
(Restated Consolidated/Standalone Financial Statements as at 30 September, 2023)

NOTE - 1 - Notes to the Restated Consolidated/Standalone Financial Statements for the period ended on September 30th, 2023

1.1 Company/Group Overview:

KRN heat Exchanger And Refrigeration Limited ('the Company/Group') is a Public Limited Group/Company (Formerly known as KRN heat Exchanger And Refrigeration Private Limited) domiciled and incorporated in India. The registered office of the Company is located at Plot No. F-46,47,48,49 EPIP, RIICO Industrial Area Neemrana, Alwar RJ 301705, Rajasthan,India.

The company/group is engaged in the activity of manufacturing and sale of Heating Ventilation & Air conditioning (HVAC) parts & accessories.

Following are the details of the subsidiaries consolidated in these financial statements:

Name of the entity	Country of Incorporation	% Equity interest – As at			
		30th September 2023	31st March 2023	31St March 2022	31st March 2021
KRN HVAC PRODUCTS PRIVATE LIMITED	India	99.99%	NA	NA	NA

Principal of Consolidation :-

The Consolidated Restated financials statements related to KRN Heat Exchanger and Refrigeration Limited ("the company") and its WOS (wholly owned subsidiary) subsidiary entity viz KRN HVAC Producs Private Limited (Together would be called as "Group"). The Consolidated Restated Financial Statements have been prepared on the following basis:

i. The financial statements of the company and its subsidiary entity, used in the consolidation are drawn up to the same date as that of the company i.e 30th September 2023.

ii. The Restated financial statements of the Company and its subsidiary entity have been combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profit or losses, unless cost cannot be recovered.

iii. The excess of cost to the company of its investment in the subsidiary entity over its share of equity of the subsidiary entity, at the date on which the investment in the subsidiary entity were made, is recognized as 'Goodwill' being an asset in the consolidated financial statement and is tested for impairment on annual basis.

iv. Goodwill arising on consolidation is not amortized but tested for impairment.

v. The Restated consolidated financial statement have been prepared using uniform accounting

policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.

1.2 General Information & Statement of Compliance with Ind AS:

These financial statements are the Restated Consolidate/Standalone financial statements of the Company/Group (also called as Consolidated/Standalone restated financial statements) for the period ended 30th September, 2023 and for the year ended 31st March, 2023, 31st March, 2022, 31st March, 2021 are prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules,2015, as amended.

1.3 Basis of Preparation of Restated Consolidate/Standalone Financial Statements:

The Restated Consolidated/Standalone Financial Information of the Group/Company comprises the Restated Consolidated Statement of Assets and Liabilities as at September 30, 2023, Restated Standalone Statement of Assets and Liabilities as at March 31, 2023, March 31, 2022, March 31, 2021, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flow Statement for the period ended 30th September, 2023 and the Restated Standalone Statement of Profit and Loss (including other comprehensive income), the Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash Flow Statement for the year ended March 31, 2023, year ended March 31, 2022 and year ended March 31, 2021, the Summary Statement of Significant Accounting Policies, and Notes to the Restated Consolidated/Standalone Financial Information (collectively, the "Restated Consolidate/Standalone Financial Information/ Financial Statement").

These Statements have been prepared by the Management of the group/company in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ('SEBI') in pursuance of the Securities and Exchange Board of India Act, 1992 ("ICDR Regulations") for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP)/ Red Herring Prospectus ('RHP') / Prospectus in connection with its proposed initial public offering of equity shares prepared by the Company in terms of the requirements of:

Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act"), as amended from time to time;

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended to date (the "SEBI ICDR Regulations") issued by the Securities and Exchange Board of India (the "SEBI"); and

The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance

Note").

The Restated Consolidated/Standalone Financial Information have been prepared to contain information/disclosures and incorporating adjustments set out below in accordance with the ICDR Regulations:

Adjustments to the profits or losses of the earlier years for the changes in accounting policies if any to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years and of material errors, if any;

Adjustments for reclassification/regroupings of the corresponding items of income, expenses, assets and liabilities retrospectively in the period ended September 30, 2023, year ended March 31, 2023, March 31, 2022 and March 31, 2021, in order to bring them in line with the groupings as per the Restated Consolidated/Standalone Financial Information of the company for the period ended September 30, 2023 and the requirements of the SEBI Regulations, if any; and

The resultant impact of tax due to the aforesaid adjustments, if any.
The company follows historical cost convention and accrual method of accounting in the preparation of the financial statements, except otherwise stated.

The Restated Consolidated/Standalone Financial Information are presented in Indian Rupees (INR) except otherwise stated.

These Restated financial statements of the Group/Company are prepared in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies Act, 2013 ("the Act").

1.3.1 Basis of Preparation and Presentation

The Financial Statements have been prepared on the historical cost basis except for following assets and liabilities which have been measured at fair value amount:
(a) Certain Financial Assets and Liabilities (including derivative instruments if any), and
(b) Defined Benefit Plans – Plan Assets
(c) Certain Property Plant And Equipment Which are Revalued (if any).
The financial statements of the Group/Company have been prepared to comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013.

Upto the year ended March 31, 2022, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP", However these Restated financial statements of the Group/Company are prepared/converted in accordance with Indian Accounting Standard ("Ind AS") notified under the Companies Act, 2013 ("the Act")..

The Group's/Company's Financial Statements are presented in Indian Rupees, which is also its functional currency.

1.3.2 Fair Value Measurement

Some of the Group's/Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group/Company has an established control framework with respect to the measurement of fair values. This includes a financial reporting team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as pricing services, is used to measure fair values, then the financial reporting team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group/Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group/Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.3.3 Current and Non-Current Classification

The Group/Company presents assets and liabilities in the Balance Sheet based on Current/ Non- Current classification.

An asset is treated as Current when it is –
- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a

liability for at least twelve months after the reporting period.
All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.3.4 Property, Plant and Equipment

(a) Tangible Assets

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Property, Plant and Equipment which are significant to the total cost of that item of Property, Plant and Equipment and having different useful life are accounted separately.

Other Indirect Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Based on technical evaluation carried out by management, depreciation on fixed assets has been provided on the Straight line method as per the useful life and residual value prescribed Schedule to the Companies Act, 2013. Residual value has been assessed at 5% of cost of the assets.

Depreciation and amortization on addition to fixed assets is provided on pro-rata basis from the date the assets are ready for intended use. Depreciation and amortization on sale/ discard from fixed assets is provided for up to the date of sale, deduction or discard of fixed assets as the case may be.

Individual assets costing Rs. 5,000 or below are depreciated/ amortized in full in the year of purchase. Depreciation/ Amortization method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the depreciation/ amortization period is changed accordingly.

Asset	Usefull Life
Factory Building	20 years
Plant & machinery (computers)	3 years
Plant & machinery (tools & dies)	3 years
Plant & machinery (solar plant)	15 years
Plant & machinery (electric installation)	8 years
Plant & machinery (others)	10 years
Furniture & fixtures	10 years
Office equipment	5 years
Vehicles	8 years

(b) Capital Work-in-Progress and Capital Advances

Cost of Property, Plant and Equipment not ready for intended use, as on the balance sheet date, is shown as a "Capital Work-in-Progress". The Capital Work-in-Progress is stated at cost. Any expenditure in relation to survey and investigation of the properties is carried as Capital Work-in-Progress. Such expenditure is either capitalized as cost of the projects on completion of construction project or the same is expensed in the period in which it is decided to abandon such project. Any advance given towards acquisition of Property, Plants and Equipment outstanding at each balance sheet date is disclosed as "Other Non-Current Assets".

(c) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment losses, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Intangible Assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

Amortization

The amortization expenses on Intangible assets with the finite lives are recognized in the Statement of Profit and Loss. The Group's/Company's intangible assets comprises assets with finite useful life which are amortised on a straight-line basis over the period of their expected useful life.

The amortization period and the amortization method for an intangible asset with finite useful life is reviewed at each financial year end and adjusted prospectively, if appropriate.

1.3.5 Impairment of Non-Financial Assets – Property, Plant and Equipment and Intangible Assets

The Group/Company assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group/Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

There are no losses from impairment of assets to be recognized in the financial statements.

1.3.6 Investment Properties

Investment properties (if any), are measured initially at cost, including transaction costs. Subsequent to initial recognition. Items of investment properties are measured at cost less accumulated depreciation/ amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. Investment properties are depreciated on straight line method on pro-rata basis at the rates specified therein. Subsequent expenditure including cost of major overhaul and inspection is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Group/Company and the cost of the item can be measured reliably.

Long-term investments are stated at cost. Provision for diminution in the value of Long-Term investment is being made only if such decline is of other than temporary in nature in the opinion of management. Current investments are stated at lower of cost or fair value.

1.3.7 Inventories

Inventories includes raw material, work in progress, finished goods and stock in trade.

a) Inventories values at lower of cost or net realisable value. Cost includes purchase price, taxes (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average method is used.

b) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

c) The comparison of cost or net realisable value is made on item by item basis.

d) Stock of Finished Goods and Work in Progress are valued at lower of cost or net realizable value and cost is determined by taking material, labour and related overheads

e) Scrap is valued at net realizable value.

1.3.8 Borrowing Costs

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

1.3.9 Employee Benefits

(A) Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

(B) Post-Employment Benefits

(i) Defined Contribution Plans

The Group/Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to a reduction in future payment or a cash refund.

(ii) Defined Benefit Plans

(a) Gratuity Scheme: The Group/Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation. The gratuity is paid @ 15 days basic salary and dearness allowances for every completed year of service as per the Payment of Gratuity Act, 1972. The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Remeasurement gains and losses arising from adjustments and changes in actuarial assumptions are recognised in the period in which they occur in Other Comprehensive Income.

(iii) Other Long - Term Employee Benefits

Entitlement to annual leave is recognized when they accrue to employees.

1.3.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those goods or services.

The Group/Company has generally typically controls the goods or services before transferring them to the customer.

Generally, control is transferred upon shipment of goods to the customer or when the goods is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the goods shipped.

Revenue from rendering of services is recognised on when the services are rendered and related cost are incurred over time by measuring the progress towards complete satisfaction of performance obligations at the reporting period.

Revenue is measured at the amount of consideration which the Group/Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third

parties (for example taxes and duties collected on behalf of the government). Consideration is generally due upon satisfaction of performance obligations and a receivable is recognised when it becomes unconditional.

Export Incentives
Export incentive revenues are recognized when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

Interest Income
Interest Income from a Financial Assets is recognised using effective interest rate method.

Dividend Income
Dividend Income is recognised when the Company's right to receive the amount has been established.

Surplus / (Loss) on disposal of Property, Plants and Equipment / Investments
Surplus or loss on disposal of property, plants and equipment or investment is recorded on transfers of title from the Group/Company, and is determined as the difference between the sales price and carrying value of the property, plants and equipment or investments and other incidental expenses.

Rental Income
Rental income arising from operating lease on investments properties is accounted for on a straight - line basis over the lease term except the case where the incremental lease reflects inflationary effect and rental income is accounted in such case by actual rent for the period.

Insurance Claim
Claim receivable on account of insurance is accounted for to the extent the Group/Company is reasonably certain of their ultimate collections.

Other Income
Revenue from other income is recognized on accrual basis.

1.3.11 Foreign Currency Transactions and Translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalised as cost of assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or Statement of Profit and Loss are also recognised in Other Comprehensive Income or Statement of Profit and Loss, respectively).

1.3.12 Government Grants and Subsidies

Grants in the nature of subsidies which are non-refundable are recognized as income where there is reasonable assurance that the Group/Company will comply with all the necessary conditions attached to them. Income from grants is recognized on a systematic basis over periods in which the related costs that are intended to be compensated by such grants are recognized.

Government grants are accounted in accordance with the recognition and measurement principle of Ind AS 109, "Financial Instruments". It is recognized as income when there is a reasonable assurance that the Group/Company will comply with all necessary conditions attached to the grants. Income from such benefit is recognized on a systematic basis over the period of the grants during which the Group/Company recognizes interest expense corresponding to such grants.

1.3.13 Financial Instruments – Financial Assets

(A) Initial Recognition and Measurement

All Financial Assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of Financial Assets, which are not at Fair Value Through Profit or Loss, are adjusted to the fair value on initial recognition. Purchase and sale of Financial Assets are recognised using trade date accounting.

(B) Subsequent Measurement

a) Financial Assets measured at Amortised Cost (AC)

A Financial Asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise to cash flows on specified dates that represent solely payments of principal and interest on the principal amount outstanding.

b) Financial Assets measured at Fair Value Through Other Comprehensive Income (FVTOCI)

A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that represents solely payments of principal and interest on the principal amount outstanding.

Further, the Group/Company, through an irrevocable election at initial recognition, has measured certain investments in equity instruments at FVTOCI. The Group/Company has made such election on an instrument-by-instrument basis. These equity instruments are neither held for trading nor are contingent consideration recognized under a business combination. Pursuant to such irrevocable election, subsequent changes in the fair value of such equity instruments are recognized in OCI. However, the Company recognizes dividend income from such instruments in the Statement of Profit and Loss.

c) Financial Assets measured at Fair Value Through Profit or Loss (FVTPL)
A Financial Asset which is not classified in any of the above categories is measured at FVTPL. Financial assets are reclassified subsequent to their recognition, if the Group/Company changes its business model for managing those financial assets. Changes in business model are made and applied prospectively from the reclassification date which is the first day of immediately next reporting period following the changes in business model in accordance with principles laid down under Ind AS 109 – Financial Instruments.

(C) Investments
Investments are classified in to Current or Non-Current Investments. Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as Current Investments. All other Investments are classified as Non - Current Investments. However, that part of Non - Current Investments which are expected to be realized within twelve months from the Balance Sheet date is also presented under "Current Investments" under "Current portion of Non-Current Investments" in consonance with Current/Non–Current classification of Schedule - III of the Act.

All the equity investment which covered under the scope of Ind AS 109, "Financial Instruments" is measured at the fair value. Investment in Mutual Fund is measured at fair value through profit and loss (FVTPL). Trading Instruments are measured at fair value through profit and loss (FVTPL).

(D) Investment in Subsidiaries, Associates and Joint Ventures
The Group/Company has accounted for its investments in Subsidiaries, associates and joint venture at cost less impairment loss (if any).

(E) Impairment of Financial Assets
In accordance with Ind AS 109, the Group/Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

1.3.14 Financial Instruments – Financial Liabilities

(A) Initial Recognition and Measurement
All Financial Liabilities are recognised at fair value and in case of borrowings, net of directly attributable cost. Fees of recurring nature are directly recognised in the

Statement of Profit and Loss as finance cost.

(B) Subsequent Measurement

Financial Liabilities are carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

1.3.15 Derivative Financial Instruments and Hedge Accounting

The Group/Company enters into derivative contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial assets measured at amortised cost.

The Group/Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognised financial assets ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Group's/Company's Risk Management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a cash flow hedge under Ind AS 109, 'Financial Instruments'.

Recognition and measurement of cash flow hedge:

The Group/Company strictly uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. As per Ind AS 109 - Financial Instruments, foreign currency forward contracts are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in hedge reserve (under reserves and surplus) through other comprehensive income and the ineffective portion is recognised immediately in the statement of profit and loss.

The accumulated gains / losses on the derivatives accounted in hedge reserve are transferred to the statement of profit and loss in the same period in which gains / losses on the underlying item hedged are recognised in the statement of profit and loss.

Derecognition:

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in hedge reserve and be reclassified to the statement of profit and loss in the same period or periods during which the formerly hedged transaction is reported in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gains / losses recognised in hedge reserve is transferred to the statement of profit and loss.

Fair Value Hedge:

The Group/Company designates derivative contracts or non-derivative Financial Assets/Liabilities as hedging instruments to mitigate the risk of change in fair value of hedged item due to movement in interest rates, foreign exchange rates and commodity prices.

Changes in the fair value of hedging instruments and hedged items that are designated and qualify as fair value hedges are recorded in the Statement of Profit and Loss. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to Statement of Profit and Loss over the period of maturity.

1.3.16 Derecognition of Financial Instruments

The Group/Company derecognises a Financial Asset when the contractual rights to the cash flows from the Financial Asset expire or it transfers the Financial Asset and the transfer qualifies for derecognition under Ind AS 109. A Financial liability (or a part of a financial liability) is derecognised from the Group's/Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

1.3.17 Financial Instruments – Offsetting

Financial Assets and Financial Liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group/Company has a legally enforceable right to set off the amount and it intends, either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.3.18 Taxes on Income

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

(a) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the Income Tax authorities, based on tax rates and laws that are enacted at the Balance sheet date.

(b) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

Presentation
The Group/Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group/Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

1.3.19 Segment Reporting

Segments are identified having regard to the dominant source and nature of risks and returns and the internal organization and management structure. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and Managing Director (CMD) of the Company have been identified as the Chief Operating Decision Maker (CODM).

1.3.20 Research and Development (if any)

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss as and when incurred.
Development costs are capitalised as an intangible asset if it can be demonstrated that the project is expected to generate future economic benefits, it is probable that those future economic benefits will flow to the entity and the costs of the asset can be measured reliably, else it is charged to the Statement of Profit and Loss.

1.3.21 Earnings per Share

Basic earnings per share is calculated by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year adjusted for bonus element in equity share. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

1.3.22 Provisions, Contingent Liabilities

Provisions are recognised when the Group/Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of

money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

Disclosure of contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group/Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

1.3.23 Events after Reporting Date

Where events occurring after the Balance Sheet date provide evidence of condition that existed at the end of reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

1.3.24 Non – Current Assets Held For Sales

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable.

A sale is considered as highly probable when decision has been made to sell, assets are available for immediate sale in its present condition, assets are being actively marketed and sale has been agreed or is expected to be concluded within 12 months of the date of classification.

Non-current assets held for sale are neither depreciated nor amortised.

Assets and liabilities classified as held for sale are measured at the lower of their carrying amount and fair value less cost of sale and are presented separately in the Balance Sheet.

1.3.25 Cash Flows Statement

Cash Flows Statements are reported using the method set out in the Ind AS – 7, “Cash Flow Statements”, whereby the Net Profit / (Loss) before tax is adjusted for the effects of the transactions of a Non-Cash nature, any deferrals or accrual of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group/Company are segregated.

1.3.26 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, cash at banks, short-term deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.3.27 (A) Amendments to Schedule III of Companies Act, 2013

On 24 March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

• Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
• Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
• Specified format for disclosure of shareholding of promoters.
• Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development
• If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
• Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held, etc.

Statement of profit and loss:

• Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of standalone financial statements.

1.4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty:

The preparation of the Group's/Company's Financial Statements requires management to make judgment, estimates and assumptions that affect the reported amount of revenue, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in next financial years.

1.4.1 Income Tax

The Group's/Company's tax jurisdiction is in India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the income tax provisions, including the amount expected to be paid / recovered for uncertain.

1.4.2 Property Plant and Equipment/ Intangible Assets

Estimates are involved in determining the cost attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management. Property, Plant and Equipment/Intangible Assets are depreciated/amortised over their estimated useful life, after taking into account estimated residual value. Management reviews the estimated useful life and residual values of the assets annually in order to determine the amount of depreciation/ amortisation to be recorded during any reporting period. The useful life and residual values are based on the Group's/Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/amortisation for future periods is revised if there are significant changes from previous estimates.

1.4.3 Defined Benefits Obligations

The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS – 19, "Employee Benefits" over the period during which benefit is derived from the employees' services. It is determined by using the Actuarial Valuation and assessed on the basis of assumptions selected by the management. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. Due to complexities involved in the valuation and its long term in nature, a defined benefit obligation is highly sensitive to change in these assumptions. All assumptions are reviewed at each balance sheet date.

1.4.4 Fair value measurements of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgments and assumptions.

1.4.5 Recoverability of Trade Receivables

Judgments are required in assessing the recoverability of overdue trade receivables and determining whether a provision against those receivables is required. Factors considered include the credit rating of the counterparty, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment.

1.4.6 Provisions

The timing of recognition and quantification of the liability (including litigations) requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

1.4.7 Impairment of Financial and Non – Financial Assets

The impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Group/Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Group's/Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

In case of non-financial assets Group/company estimates asset's recoverable amount, which is higher of an asset's or Cash Generating Units (CGU's) fair value less costs of disposal and its value in use

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

1.4.8 Recognition of Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognised for deductible temporary differences and unused tax losses for which there is probability of utilisation against the future taxable profit. The Group/Company uses judgment to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits and business developments.

1.4.9 First Time Adoption of IND AS

The Group/Company has adopted Ind AS with effect from 1st April 2022 with comparatives being restated. Accordingly, the impact of transition has been provided in the Opening Reserves as at 1st April 2020. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note - 2 : Property, Plant & Equipments and Intangible asset

A. PROPERTY, PLANT & EQUIPMENTS

(Rs. in Lakhs)

Particulars	Land (Leasehold)	Factory Building	Solar Plant	Plant & Machinery	Tools and Dies	Electric Installation	Furniture & Fixture	Vehicles	Computers	Office Equipment	Total
Gross Block											
As at 1 April 2020	**139.50**	**76.84**	-	**620.67**	**163.99**	**20.06**	**12.19**	**43.28**	**3.08**	**5.60**	**1,085.21**
Additions	232.98	225.86	147.13	581.24	170.70	7.29	2.81	2.17	4.52	8.39	1,383.09
Disposals/ Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2021	**372.48**	**302.70**	**147.13**	**1,201.91**	**334.69**	**27.35**	**15.00**	**45.45**	**7.60**	**13.99**	**2,468.30**
Additions	0.84	8.47	-	70.60	33.32	20.21	3.86	91.66	9.85	18.30	257.11
Disposals/ Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	**373.32**	**311.17**	**147.13**	**1,272.51**	**368.01**	**47.56**	**18.86**	**137.11**	**17.45**	**32.29**	**2,725.41**
Additions	514.11	125.53	-	451.12	245.84	10.51	3.36	16.59	15.16	17.66	1,399.88
Disposals/ Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	**887.43**	**436.70**	**147.13**	**1,723.63**	**613.85**	**58.07**	**22.22**	**153.70**	**32.61**	**49.95**	**4,125.29**
Additions	60.79	-	-	77.56	24.18	0.38	-	-	7.00	4.20	174.11
Disposals/ Adjustments	347.83	-	-	-	-	-	-	-	-	-	347.83
As at 30 September 2023	**600.39**	**436.70**	**147.13**	**1,801.19**	**638.03**	**58.45**	**22.22**	**153.70**	**39.61**	**54.15**	**3,951.57**
Accumulated Depreciation											
As at 1 April 2020	**-**	**6.43**	**-**	**74.67**	**73.26**	**4.09**	**0.90**	**5.22**	**1.17**	**1.17**	**166.91**
Depreciation charge for the year	6.66	9.61	0.10	77.47	66.51	2.58	1.28	5.38	1.55	1.92	173.06
Reversal on Disposal/ Adjustments	-		-	-	-	-	-	-	-	-	-
As at 31 March 2021	**6.66**	**16.04**	**0.10**	**152.14**	**139.77**	**6.67**	**2.18**	**10.60**	**2.72**	**3.09**	**339.97**
Depreciation charge for the year	3.51	14.38	9.32	118.82	84.13	4.06	1.79	10.55	2.45	4.52	253.53
Reversal on Disposal/ Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2022	**10.17**	**30.42**	**9.42**	**270.96**	**223.90**	**10.73**	**3.97**	**21.15**	**5.17**	**7.61**	**593.50**
Depreciation charge for the year	5.53	20.49	9.32	138.93	103.30	6.04	1.96	17.12	6.21	8.24	317.14
Reversal on Disposal/ Adjustments	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2023	**15.70**	**50.91**	**18.74**	**409.89**	**327.20**	**16.77**	**5.93**	**38.27**	**11.38**	**15.85**	**910.64**
Depreciation charge for the year	3.14	10.40	4.67	84.30	74.14	3.46	1.06	9.15	5.22	5.03	200.57
Reversal on Disposal/ Adjustments	1.46	-	-	-	-	-	-	-	-	-	1.46
As at 30 September 2023	**17.38**	**61.31**	**23.41**	**494.19**	**401.34**	**20.23**	**6.99**	**47.42**	**16.60**	**20.88**	**1,109.75**
Net Block											
Balance as on 1 April 2020	**139.50**	**70.41**	**-**	**546.00**	**90.73**	**15.97**	**11.29**	**38.06**	**1.91**	**4.43**	**918.30**
Balance as on 31 March 2021	**365.82**	**286.66**	**147.03**	**1,049.77**	**194.92**	**20.68**	**12.82**	**34.85**	**4.88**	**10.90**	**2,128.33**
Balance as on 31 March 2022	**363.15**	**280.75**	**137.71**	**1,001.55**	**144.11**	**36.83**	**14.89**	**115.96**	**12.28**	**24.68**	**2,131.91**
Balance as on 31 March 2023	**871.73**	**385.79**	**128.39**	**1,313.74**	**286.65**	**41.30**	**16.29**	**115.43**	**21.23**	**34.10**	**3,214.65**
Balance as on 30 September 2023	**583.01**	**375.39**	**123.72**	**1,307.00**	**236.69**	**38.22**	**15.23**	**106.28**	**23.01**	**33.27**	**2,841.82**

B. CAPITAL WORK-IN-PROGRESS

Particulars	Asset in WIP	Total
Gross Block		
As at 31 March 2023	-	-
Additions	507.51	507.51
Capitalised During the Year	-	-
As at 30 September 2023	**507.51**	**507.51**

C. CAPITAL WORK IN PROGRESS AGEING SCHEDULE

Particulars	As at 30 September, 2023
Less than 1 year	507.51
1 to 2 years	-
2 to 3 years	-
More than 3 Years	-

Note:- Figures disclosed above for the FY 2020-21, 2021-22 & 2022-23 are on standalone basis and Figures for the period from 01-04-2023 to 30-09-2023 / as at 30-09-2023 are on Consolidated basis

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note - 3 - Other Financial Assets- Non Current

(Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Unsecured - Considered Good				
Security Deposits Others	7.45	4.83	4.61	4.95
Doubtful Receivable	68.00	68.00	34.00	-
Total	**75.45**	**72.83**	**38.61**	**4.95**

Note - 4 - Other Non Current Assets

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Advance for Land	-	11.00	11.00	-
Total	**-**	**11.00**	**11.00**	**-**

Note - 5 - Inventories

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Raw materials	5,900.33	4,314.42	1,798.13	372.49
Work-in-progress	726.90	403.23	35.26	21.67
Finished goods/ Stock in Trade	675.42	790.78	297.46	109.63
Good In Transit	-	-	-	43.69
Total	**7,302.65**	**5,508.43**	**2,130.85**	**547.48**

Note :- Raw Materials, Work in Progress and Stores and Spares, Finished Goods and Scrap are valued at cost or net realisable value which ever is less.

Note - 6 - Trade Receivables - Current

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Considered Goods	4,252.33	3,888.01	2,997.01	1,761.62
Less: Allowance for Expected Credit Loss (Doubtful Debts)	(24.22)	(22.18)	(17.99)	(9.97)
Total	**4,228.11**	**3,865.83**	**2,979.02**	**1,751.65**

Note – 42– Trade Receivables Ageing Schedule

Note - 7 - Cash & Cash Equivalents

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Cash and Cash Equivalents				
Cash in Hand	0.77	1.23	3.39	0.26
Bank Balance				
In Current Accounts	457.40	744.47	532.66	20.76
Total	**458.17**	**745.70**	**536.05**	**21.02**

Note: Cash-in-Hand is certified by the management.

Note -8- Other Bank Balances

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Balances with bank in Fixed deposit accounts (maturity More than 3 months but less than 12th Months from reporting date)	935.72	805.00	882.64	620.64
Total	**935.72**	**805.00**	**882.64**	**620.64**

Note:- Balance represent in fixed deposit accounts are held as pledged against credit facility.

Note - 9 - Loans

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Loans & Advances				
Loans to Staff	8.56	8.02	14.97	0.52
Loans to Related Parties	82.37	86.57	40.00	-
Loans to Others	4.15	6.14	-	-
Total	**95.08**	**100.73**	**54.97**	**0.52**

Note - 10 - Other Financial Assets (Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Interest Receivable from FD	36.23	17.66	6.87	3.65
Other Receivable	0.74	-	-	-
Total	**36.97**	**17.66**	**6.87**	**3.65**

Note - 11 - Other Current Assets

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Loans & Advances				
Advance to Suppliers	1,455.08	71.21	165.16	8.72
Others				
Prepaid Expenses	21.50	6.00	5.44	4.00
Prepaid IPO Expenses	26.84	23.72	-	-
Advance Custom Duty	13.85	34.67	36.10	-
Export Duty Receivable	3.47	3.47	3.47	-
GST Receivable	7.19	-	158.17	22.78
Subsidy Receivable	128.50	107.44	138.93	83.87
Total	**1,656.43**	**246.51**	**507.27**	**119.37**

Note - 12 - Other Tax Assets

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Prepaid Income Tax/ TDS (Net of Prov, if any)	39.67	287.57	-	41.92
Total	**39.67**	**287.57**	**-**	**41.92**

Note - 13 - Equity Share Capital

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Authorised				
6,60,00,000 Equity Shares of Rs. 10 each	6,600.00	6,600.00		
49,00,000 Equity Shares of Rs. 10 each	-	-	490.00	490.00
	6,600.00	**6,600.00**	**490.00**	**490.00**
Issued,Subscribed & Paid up				
4,40,00,000 Equity Shares of Rs. 10 each fully paid up	4,400.00	4,400.00		
44,00,000 Equity Shares of Rs. 10 each fully paid up			440.00	440.00
Total	**4,400.00**	**4,400.00**	**440.00**	**440.00**

Notes :

1. The Company has increased its authorized share capital from Rs 490.00 Lakhs to 6600.00 Lakhs vide resolution passed at the EGM of the company held at the registered office of the company on February 08th, 2023.

2. The Company has issued Bonus Equity share in the ratio of 9:1, bearing the additional number of shares 3,96,00,000 to their existing share holders by passing special resolution in EGM held at the registered office of the company on February 08th, 2023. The said Bonus Share were alloted to the shareholders vide board resolution dated February 23rd, 2023.

a) Details of Shares held by each shareholder holding more than 5% of share capital

PARTICULARS	As at 30.09.2023	
	No of Shares	% held
Equity Shares		
Santosh Kumar Yadav	2,02,99,950.00	46.14%
Anju Devi	2,37,00,000.00	53.86%

PARTICULARS	As at 31.03.2023	
	No of Shares	% held
Equity Shares		
Santosh Kumar Yadav	2,02,99,950.00	46.14%
Anju Devi	2,37,00,000.00	53.86%

PARTICULARS	As at 31.03.2022	
	No of Shares	% held
Equity Shares		
Santosh Kumar Yadav	20,30,000.00	46.14%
Anju Devi	23,70,000.00	53.86%

PARTICULARS	As at 31.03.2021	
	No of Shares	% held
Equity Shares		
Santosh Kumar Yadav	20,30,000.00	46.14%
Anju Devi	23,70,000.00	53.86%

b) Details of Shares held by Promoter of the company and change in stake of the company during the year

PARTICULARS	As at 30.09.2023		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	2,02,99,950.00	46.14%	0.00%
Anju Devi	2,37,00,000.00	53.86%	0.00%

PARTICULARS	As at 31.03.2023		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	2,02,99,950.00	46.14%	0.00%
Anju Devi	2,37,00,000.00	53.86%	0.00%

PARTICULARS	As at 31.03.2022		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	20,30,000.00	46.14%	0.00%
Anju Devi	23,70,000.00	53.86%	0.00%

PARTICULARS	As at 31.03.2021		
	No of Shares	% held	% Change
Equity Shares			
Santosh Kumar Yadav	20,30,000.00	46.14%	15.46%
Anju Devi	23,70,000.00	53.86%	7.84%

Note - 14 - Other Equity (Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Retained Earning				
Balance at the beginning of the year	937.30	1,665.95	606.91	397.17
Add/Less : Other Adjustment (IND-AS Transition)				(2.65)
Add/Less: Prior Period Income/(Expense)				16.92
Add: Net Profit/(Net Loss) For the year	1,932.97	3,231.35	1,059.04	246.56
Add: Bonus Issue	-	(3,960.00)		
Add: MAT Credit	-		-	-
Other Adjustment (IND-AS Transition)	-	-	-	-
Add/Less : Prior Period Subsidy Effect	-	-	-	(51.09)
Balance at the end of the year	**2,870.27**	**937.30**	**1,665.95**	**606.91**
TOTAL	**2,870.27**	**937.30**	**1,665.95**	**606.91**
Other Comprehensive Income (OCI)				
Balance at the beginning of the year	(0.16)	(0.32)	(0.29)	-
Changes during the year	1.18	0.16	(0.03)	(0.29)
Balance at the end of the year	**1.02**	**(0.16)**	**(0.32)**	**(0.29)**
Deferred Grants				
Balance at the beginning of the year	619.87	447.52	259.40	187.23
Changes during the year	65.92	172.35	188.12	72.17
Balance at the end of the year	**685.79**	**619.87**	**447.52**	**259.40**
Total Other Equity	**3,557.08**	**1,557.01**	**2,113.15**	**866.02**

Note - 15 - Long Term Borrowings

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Secured Borrowings				
From Banks and NBFC	1,775.57	1,769.79	1,235.21	1,001.44
Less: Current Maturity	(322.99)	(208.75)	(200.48)	(146.63)
Less: Transaction Cost Adjustment (EIR)	(3.74)	(4.28)	(5.38)	(5.55)
Total	**1,448.84**	**1,556.76**	**1,029.35**	**849.26**
Unecured Borrowings				
From Banks and NBFC	28.40	68.18	150.00	183.33
Less: Current Maturity	(6.19)	(42.52)	(150.00)	(108.33)
Total	**22.21**	**25.66**	**-**	**75.00**
Loans from Directors & Related Parties				
Santosh Kumar Yadav	30.56	15.31	3.31	58.99
Anju Devi	56.13	56.13	67.93	95.94
Total	**86.69**	**71.44**	**71.24**	**154.93**
Total	**1,557.74**	**1,653.86**	**1,100.59**	**1,079.19**

Note :-Refer Note Number 15(A), 15(B) and 15(C)for term & Condition related to Borrowing Taken By Company

Note - 16 - Long Term Provisions (Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Gratuity (Unfunded)	23.26	20.48	13.10	7.28
Leave Encashment	18.54	14.98	12.44	7.71
Total	**41.80**	**35.46**	**25.54**	**14.99**

Note - 17 - Deferred Tax Assets / Liabilities

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Allowance for doubtful debts	-		-	3.30
Expenses Allowed only on Payment	10.28	11.00	28.41	21.31
Expenses disallowed in Income Tax Return	17.61	26.38	6.79	6.77
Allowance for doubtful debts	2.04	4.19	8.02	9.97
Total Assets	**29.93**	**41.57**	**43.22**	**41.35**
Tax Rate as per Income Tax	29.12%	29.12%	29.12%	27.82%
Total Deferred Tax Assets	**8.716**	**12.105**	**12.586**	**11.504**
Depreciation As Per Companies Act 2013	200.57	317.14	253.53	173.06
Depreciation as Per Income Tax Act	179.06	334.29	310.53	272.90
Difference in WDV	**(21.51)**	**17.15**	**57.00**	**99.86**
Total Liability	**(21.51)**	**17.15**	**57.00**	**99.86**
Tax Rate as per Income Tax	29.12%	29.12%	29.12%	27.82%
Total Deferred Tax Liability	**(6.264)**	**4.994**	**16.598**	**27.781**
Closing (DTA) / DTL at the year end	13.61	28.59	35.70	31.69
Opening (DTA) / DTL	28.59	35.70	31.69	15.41
(DTA) / DTL Created during Current Years	(14.98)	(7.11)	4.01	16.28

Note - 18 - Short Term Borrowings

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Secured (Repayable on Demand) (From Bank)				
HDFC BANK LTD- C.C A/C	2,630.12	1,759.30	761.14	325.34
SBI CC A/C	-	-	-	5.53
Total	**2,630.12**	**1,759.30**	**761.14**	**330.87**
Current Maturities of Non-Current Borrowings				
Current maturities of Long - Term Debt (Secured)	322.99	208.75	200.48	146.63
Current maturities of Long - Term Debt (Unsecured)	6.19	42.52	150.00	108.33
Total	**329.18**	**251.27**	**350.48**	**254.96**
Total	**2,959.30**	**2,010.57**	**1,111.62**	**585.83**

Note :-Refer Note Number 18(A) for term & Condition related to Borrowing Taken By Company

Note - 19 - Trade Payables

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Trade Payables MSME				
Trade Payables	413.35	461.22	315.61	215.17
Total	**413.35**	**461.22**	**315.61**	**215.17**
Trade Payables OTHERS				
Trade Payables	5,061.87	4,479.73	3,704.27	1,925.67
Total	**5,061.87**	**4,479.73**	**3,704.27**	**1,925.67**
Total	**5,475.22**	**4,940.95**	**4,019.88**	**2,140.84**

Note:-

1. The Group is in the process of obtaining necessary confirmations from suppliers regarding their status under the Micro, Small and Medium Enterprises (MSME) Development Act, 2006 (the 'Act') and to the extent possible dicloser related to bifurcation is made however disclosures regarding the following have not been made:

   i. Interest paid during the period / year to MSME.

   ii. Interest payable at the end of the accounting period / year to MSME.

   iii. Interest accrued and unpaid at the end of the accounting period / year to MSME.

Management believes that the figures for disclosures, if any, will not be significant.

2.Trade Payables as on 30th September, 2023 has been taken as certified by the management of the respective company in the group.

3. Refer Note No. 43 for ageing of Trade Payables

Note - 20 - Short Term Provisions (Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Provision for Expense	121.94	95.14	66.95	48.39
Gratuity (Unfunded)	0.95	0.60	0.02	0.01
Leave Encashment	1.77	1.45	1.16	0.70
Total	**124.66**	**97.19**	**68.13**	**49.10**

Note - 21 - Other Current Liabilities (Non Financial)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Advance from customers	3.50	81.34	259.54	14.34
Statutory Dues - GST and others	44.57	70.94	41.05	17.53
Others	0.05	-	-	-
Total	**48.12**	**152.28**	**300.59**	**31.87**

Note - 22 - Current Tax Liabilities

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Provision for Income Tax [net of prepaid taxes]	-	-	63.99	-
Total	**-**	**-**	**63.99**	**-**

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED
(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)
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(Rs. in Lakhs)

SNo.	Lender	Credit Facility	Type of Limit	Sanctioned Amt In Lakh	Outstanding as on 30th September,2023	Rate of Interest/Margin	Repayment Terms	Security / Principal terms and conditions	Collateral Security / Other Condition
					15 (A) Long Term Borrowings (Secured)				
1	SBI	Term Loan	Main	99.50	**56.91**	9.55%	85 M	All the plant and machinery related to roof top solar project of 350kWp Installed in the factory of the company including but not limited to wires,, Inverters, Cables, transformers, walkways.	Residential Flat No. G 1105, 11th Floor, Tower G,Terra Haritage, Sector 51,Village Banbeerpur,Tehsil Tijara, Alwar in the name of Smt Anju Devi
2	SBI	ECLGS Loan	Main	25.00	**24.94**	9.25%	60 M	Entire current asset and movable fixed asset of the unit including Inventory, book debts, receivables, all the roof top solar project of 350kWp Installed in the factory of the company including but not limited to wires,, Inverters, Cables, transformers, walkways and Hypothecation of plant and machinery.	-
3	HDFC	Vehicle	Main	83.60	**64.61**	7.00%	84 M	Vehicle	Vehicle
									Equitable Mortg
4	HDFC	Bbg-wc Term Loans	Main	600.00	**367.98**	10.65%	72 M		
5	HDFC	Bbg-wc Term Loans	Main	500.00	**431.64**	9.65%	60 M		
6	HDFC	Bbg-wc Term Loans	Main	160.00	**81.39**	10.10%	71 M		
7	HDFC	Bbg-wc Term Loans	Main	140.00	**25.07**	10.10%	47 M		
8	HDFC	Bbg-wctl-gecl	Main	61.00	**17.03**	9.25%	48 M		
9	HDFC	Bbg-wctl-gecl Extn	Main	288.00	**288.00**	9.25%	60 M		
10	HDFC	Pre Shipment Credit	Main	500.00	**418.00**	9.50%	12 M		
11	HDFC	Letter Of Credit	Main	4,600.00	-	0.50%	90D		
12	HDFC	Letter Of Credit	sub Limit	(400.00)	-	0.50%	90D		
13	HDFC	Corporate Card	Main	5.00	-		12D		
14	HDFC	Sblc For Bc-wc	sub Limit	(2,100.00)	-	1.80%	90M	50300477307325, 50300722562196, Debtors, Fd, Lc Issued By Other Bank, P&m, Pg Of Directors & Collateral Owners, Residential Property, Stock, Tl Gift City For Us Dollars=122320 Sblc No-054sbbl230530002, Tl Gift City For Us Dollars=176888.32 Sblc No-054sbbl230530001, Tl Gift City For Us Dollars=61041.85 Sblc No-054sbbl230530003	(1) L-548, 5th Floor, Ashiana Town, Tower Beta, Vill. Thada Bhiwadi Alwar Rajasthan 301019 (ResidentialFlat/Apartment) (2) Villa No. A-60 Villange Iswarsinghpura And Foladpur Green Acres Neemrana Neemrana Rajasthan 301705 (Resi-RowHouse) (3) Plot No F-48, 49, Alwar Riico Industrial Area, Epip, Neemrana Neemrana Neemrana Rajasthan 301705 (Commercial-office) (4) P No F-46 And 47 Epip Neemrana Alwar-301705 Riico Ind Area Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity) (5) Plot No. F-44, Epip Neemrana Riico Industrial Area Epip Neemrana, Distt. Alwar-301705 (Rajasthan) (Industrial Estates With Industrial Activity) (6) Plot No. Sp5-7, Kolila Joga, Neemrana Riico Industrial Area Riico Industrial Area Alwar Rajasthan 301019 (Industrial Estates With Industrial Activity) (7) L-545, 5th Floor, Ashiana Town, Tower Beta, Vill. Thada Bhiwadi Alwar Rajasthan 301019 (ResidentialFlat/Apartment) (8) Flat No B-1004, Plot No Gh-2, Vasundhara Nagar, Bhiwdi, Dist - Alwar Block -b, 10th Floor, Sky View Apartments Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)
15	HDFC	Tl For Gift City-wc	sub Limit	(2,100.00)	-	1.80%	180D		
16	HDFC	Foreign Bill Discounting Backed By Lc	Main	500.00	-	0.50%	12M		
17	HDFC	Purchase Card	Main	15.00	-		12M		
18	HDFC	Retail Bank Guarantee	Main	9.93	-	1.80%	551D		
19	HDFC	Retail Bank Guarantee	Main	13.00	-	1.80%	730D		
20	HDFC	Psr	Main	200.00	-	1.80%	180D		
21	HDFC	Letter Of Credit	Main	300.00	-	0.50%	90D		
22	HDFC	Capex Lc	sub Limit	(500.00)	-	0.50%	90D		
23	HDFC	Drul	Main	200.00	-	9.50%	12M		
24	HDFC	Post Shipment	Sub limit letter of Credit	(500.00)	-	9.50%	12M		
		Total			**1,775.57**				
					15 (B) Business Loan (UnSecured)				
1		Bajaj Finance		35.41	**28.40**	**16.00%**	60M	Unsecured	Unsecured
		Total			**28.40**				
					15 (C) UNSECURED LOAN				
1		Santosh Kumar Yadav		350.00	30.56	12.00%	Repayable on Demand	Unsecured	Unsecured
2		Anju Devi		350.00	56.13	12.00%	Repayable on Demand	Unsecured	Unsecured

		Total		**86.69**				
					18 (A) Short Term Borrowing			
1	HDFC	Cash Credit	3,200.00	**2,630.12**	9.17%	12M	1. Debtors & Inventory	(1) L-548, 5th Floor, Ashiana Town, Tower Beta, Vill. Thada Bhiwadi Alwar Rajasthan 301019 (ResidentialFlat/Apartment) (2) Villa No. A-60 Villange Iswarsinghpura And Foladpur Green Acres Neemrana Neemrana Rajasthan 301705 (Resi-RowHouse) (3) Plot No F-48, 49, Alwar Riico Industrial Area, Epip, Neemrana Neemrana Neemrana Rajasthan 301705 (Commercial-office) (4) P No F-46 And 47 Epip Neemrana Alwar-301705 Riico Ind Area Neemrana Neemrana Rajasthan 301705 (Industrial Estates With Industrial Activity) (5) Plot No. F-44, Epip Neemrana Riico Industrial Area Epip Neemrana, Distt. Alwar-301705 (Rajasthan) (Industrial Estates With Industrial Activity) (6) Plot No. Sp5-7, Kolila Joga, Neemrana Riico Industrial Area Riico Industrial Area Alwar Rajasthan 301019 (Industrial Estates With Industrial Activity) (7) L-545, 5th Floor, Ashiana Town, Tower Beta, Vill. Thada Bhiwadi Alwar Rajasthan 301019 (ResidentialFlat/Apartment) (8) Flat No B-1004, Plot No Gh-2, Vasundhara Nagar, Bhiwdi, Dist - Alwar Block -b, 10th Floor, Sky View Apartments Bhiwadi Alwar Rajasthan 301019 (Residential Flat / Apartment)

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note - 23 - Revenue From Operations (Rs. in Lakhs)

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Sale of Products				
Export Sales	2,372.20	2,820.26	1,493.63	405.95
Domestic Sales	13,675.60	21,909.86	14,105.54	7,176.47
Other Operating Revenue				
Other Operating Revenue	16.44	17.96	12.29	-
Total	**16,064.24**	**24,748.08**	**15,611.46**	**7,582.42**

Note - 24 - Other Income

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Exchange Difference- Forex	109.74	21.90	87.65	50.30
Export Duty Income	-	-	3.47	-
Freight on Sales	34.18	84.47	0.38	-
Duty Drawback	0.04	15.80	12.69	3.86
Interest on L.C.F.D.	20.64	35.41	30.08	15.34
Other Income	9.78	0.67	5.63	2.56
Subsidy Income	46.69	80.86	52.11	26.47
Income from Investment Activities	-	-	16.45	-
Rent Income	-	1.32	1.20	-
Interest Income - MSME	-	-	1.41	-
Total	**221.07**	**240.43**	**211.07**	**98.53**

Note - 25 - Cost Of Materials Consumed

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Opening Stock at the beginning of the year	4,314.42	1,798.13	372.49	178.48
Add : Purchases and Incidental Expenses (Net of returns, claims/ discount, if any)	13,496.86	21,006.45	13,890.92	6,304.17
Less : Closing Stock at the end of the year	5,900.33	4,314.42	1,798.13	372.49
Total	**11,910.95**	**18,490.16**	**12,465.28**	**6,110.16**

Note - 26 - Changes In Inventories Of Finished Goods, Work-In-Progress and Stock-In-Trade

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Opening Stock				
Work-in-Progress	403.23	35.26	21.67	42.57
Finished Goods / Stores, Spares & Fuels	790.78	297.46	109.63	43.80
	1,194.01	**332.72**	**131.30**	**86.37**
Closing Stock				
Work-in-Progress	(726.90)	(403.23)	(35.26)	(21.67)
Finished Goods / Stores, Spares & Fuels	(675.42)	(790.78)	(297.46)	(109.63)
	(1,402.32)	**(1,194.01)**	**(332.72)**	**(131.30)**
Total	**(208.31)**	**(861.29)**	**(201.42)**	**(44.93)**

Note - 27 - Employee Benefit Expenses

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Contributions to Provident and Other Fund	17.24	29.59	21.93	18.98
Director Remuneration	45.00	47.52	37.80	41.00
Gratuity and Leave Encashment (net of reversals, if any)	10.28	11.00	12.23	7.33
Salaries, Wages & Other Benefits	629.25	824.09	531.52	395.68
Staff Welfare Expenses	6.79	15.60	3.73	15.97
Total	**708.56**	**927.80**	**607.21**	**478.96**

Note - 28 - Finance Costs (Rs. in Lakhs)

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Financial Expenses to Bank				
Interest to Bank	133.21	189.40	81.69	66.75
Bank Charges	52.28	41.71	24.57	15.45
Loan Processing Fees	2.31	26.66	11.88	8.25
Financial Expenses to Others				
Interest from/to Suppliers & Others	-	-	-	4.72
LC Advising Exp.	0.05	0.98	1.29	0.41
Interest on unsecured loan	14.52	46.62	34.95	32.39
Total	**202.37**	**305.37**	**154.38**	**127.97**

Note - 29 - Depreciation & Amortisation Expenses

Particluars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Depreciation on Property, Plant and Equipments (Refer Note-2)	200.57	317.14	253.53	173.06
Total	**200.57**	**317.14**	**253.53**	**173.06**

Note - 30 - Other Expenses

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Manufacturing & Service Cost				
Electricity Exp	35.58	76.52	55.70	51.43
Diesel Exp	16.80	17.19	10.01	6.79
Freight & Carriage (Inward)	110.74	385.77	459.35	120.69
Import Clearance Expenses	109.09	176.38	108.13	62.43
Other Direct Expenses	42.33	83.51	81.16	40.09
Total Manufacturing & Service Cost	**314.54**	**739.37**	**714.35**	**281.43**
Administration, Selling & Other Expenses				
Auditors Remuneration (See Note 1)	1.25	2.50	1.50	1.50
Advertisement & Publicity	25.46	18.98	5.13	0.56
Business Promotion Exp	-	40.23	1.48	8.81
Conveyance & Travelling Expenses	8.04	10.15	3.34	3.76
Fees, Duties, Rates & Taxes	19.78	77.66	12.58	6.85
Freight Outward Expenses	129.05	139.46	102.37	99.35
Festival Expenses	-	12.63	6.74	6.96
Insurance Expenses	10.83	12.57	11.81	9.02
Office Expenses	2.08	0.59	0.41	0.86
License & Membership Fees	-	-	-	0.59
Printing & Stationery	6.72	1.58	0.33	0.32
Rent Expense	1.67	2.35	2.09	1.17
Repairs & Maintenance Exp	27.94	15.80	15.21	11.36
Expected Credit Loss (Doubtful Debt)	2.04	4.19	8.02	9.97
Telephone Expenses	0.72	3.38	1.66	1.43
Donation & Charity	0.07	3.11	0.11	1.65
Vehicle Running & Maintenance Expenses	0.18	0.89	9.19	5.32
Other Expense	2.58	3.76	3.53	2.48
Postage & Courier Expense	6.43	9.84	9.17	3.32
Discount	89.61	100.05	55.28	10.67
Security Charges	12.96	19.99	16.32	14.04
Inspection Charges	-	-	-	0.60
Legal &Professional Charges	42.52	39.58	66.21	13.63
CSR Expenditures	17.35	1.00	-	-
Loss on Sale of Fixed Assets	17.02		-	-
TOTAL Administration, Selling & Other Expenses	**424.30**	**520.29**	**332.48**	**214.22**
TOTAL	**738.84**	**1,259.66**	**1,046.83**	**495.65**

Note - 31 - Tax Expense

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Tax Expenses	814.82	1,325.50	433.66	77.13
Deffered Tax	(15.46)	(7.18)	4.02	16.39
Total	**799.36**	**1,318.32**	**437.68**	**93.52**

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note-32 - Earnings Per Share (EPS)

(Rs. in Lakhs)

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Net Profit / (Loss) for calculation of basic / diluted EPS	1,932.97	3,231.35	1,059.04	246.56
Weighted Average Number of Equity Shares in calculating Basic and Diluted EPS	4,40,00,000	4,40,00,000	44,00,000	44,00,000
Basic and Diluted Earnings/(Loss) Per Share	4.39	7.34	24.07	5.60
Adjusted EPS	4.39	7.34	2.41	0.56
Nominal Value of Equity Shares	10.00	10.00	10.00	10.00

Note-33- Details of Employee Benefits:

The Company has the following post-employment benefit plans:

A. Defined Contribution Plan

Contribution to defined contribution plan recognised as expense for the period is as under:

The Company offers its employees benefits under defined contribution plans in the form of provident fund. Provident fund cover substantially all regular employees which are on payroll of the company. Both the employees and the Company pay predetermined contributions into the provident fund and approved superannuation fund. The contributions are normally based on a certain proportion of the employee's salary and are recognised in the Statement of Profit and Loss as incurred.

(Rs. in Lakhs)

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Contribution to provident fund and other Fund	17.24	29.59	21.93	18.98

B. Defined Benefit Plan - Gratuity:

(i) The Company administers its employees' gratuity scheme funded liability. The present value of the liability for the defined benefit plan of gratuity obligation is determined based on actuarial valuation by an independent actuary at the period end, which is calculated using the projected unit credit method, which recognises each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

(ii) Gratuity benefits in India are governed by the Payment of Gratuity Act, 1972. The key features are as under

Benefits Offered	15/26* salary* Duration of service
Salary Definition	Last Drawn Basic Salary including Dearness Allowance (if any)
Benefit Ceiling	Benefit Ceiling of Rs 20 Lakhs
Vesting Conditions	5 Years of Continuous Service (Not Applicable In Case of Death/ Disability)
Benefit Eligibility	Upon Death or resignation or withdrawalor retirement
Retirement Age	58 Years

(iii) Characteristics of defined benefit plans and risks associated with them:

Valuation of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience:

Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter- valuation period.

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

B. Changes in the Present value of Obligation **(Rs. in Lakhs)**

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Present Value of Obligation as at the beginning	21.08	13.12	7.29	3.01
Current Service Cost	4.62	7.23	5.29	3.68
Interest Expense or Cost	0.79	0.95	0.50	0.21
Re-measurement (or Actuarial) (gain) / loss arising from:				
- change in financial assumptions	0.27	(0.61)	(0.66)	-
- change in demographic assumptions	-	-	-	-
- experience variance	(1.93)	0.39	0.70	0.40
Past Service Cost	-	-	-	-
Benefits Paid	(0.62)	-	-	-
Present Value of Obligation as at the end of the year	**24.21**	**21.08**	**13.12**	**7.29**
Bifurcation of Actuarial losses/ (gains)				
Actuarial losses/ (gains) arising from change in financial assumptions	0.27	(0.61)	(0.66)	-
Actuarial losses/ (gains) arising from change in demographic assumptions	-	-	-	-
Actuarial losses/ (gains) arising from experience adjustments	(1.93)	0.39	0.70	0.40
Actuarial losses/ (gains)	**(1.66)**	**(0.22)**	**0.04**	**0.40**
Bifurcation of Present Value of Benefit Obligation				
Current - Amount due within one year	0.95	0.60	0.02	0.01
Non-Current - Amount due after one year	23.26	20.48	13.10	7.28
Total	**24.21**	**21.08**	**13.12**	**7.29**

Expected Benefit Payments in Future Years
(Projections are for current members and their currently accumulated benefits)

Year 1	0.95	0.61	0.02	0.01
Year 2	1.35	1.08	0.40	0.01
Year 3	1.60	1.31	0.72	0.27
Year 4	1.69	1.55	0.90	0.46
Year 5	2.13	1.87	1.04	0.57
Year 6 and above	10.65	8.61	5.57	3.06

Sensitivity Analysis of Defined Benefit Obligation with references to Key Assumptions

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Discount Rate Sensitivity				
Increase by 1%	22.90	19.94	12.37	6.83
Decrease by 1%	25.61	22.34	13.95	7.81
Salary growth rate Sensitivity				
Increase by 1%	25.48	22.20	13.91	7.78
Decrease by 1%	22.98	20.00	12.40	6.84
Withdrawal rate (W.R.) Sensitivity				
Increase by 1%	24.12	20.99	12.97	7.14
Decrease by 1%	24.26	21.17	13.27	7.45

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Amounts recognized in Balance Sheet				
Net Liability / (Asset) recognised in Balance Sheet	24.21	21.08	13.12	7.29
Amounts recognized in Statement of Profit and Loss				
Current Service Cost	4.62	7.23	5.29	3.68
Net interest on net Defined Liability / (Asset)	0.79	0.95	0.50	0.21
Expected return on plan assets	-	-	-	-
Net actuarial losses (gains) recognised in the year	(1.66)	(0.22)	0.04	0.40
Expenses recognised in Statement of Profit and Loss	**3.75**	**7.96**	**5.85**	**4.28**

Actuarial Assumptions

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Discount Rate	7.40%	7.50%	7.25%	6.80%
Expected rate of salary increase	7.00%	7.00%	7.00%	6.00%
Expected Return on Plan Assets	N/A	N/A	N/A	N/A
Mortality Rates	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Retirement Age	58	58	58	58

C. Defined Benefit Plan - Leave Benefit Note:

(i) The objective of the valuation is to ascertain the liability on utilization of accumulated leave. The accumulated leave may also diminsh on account of utilization if permissible in the course of of employement.The effect of utilization will be reflected in year to year balance and the liability will be adjusted accordingly at every annual acturial valuation. There is no separate accounting standard which lays down the acturial valuation .There is no separate accounting standard which lays down the actuarial method to be adopted for valuation of laiblity be adopted for valuation for liability in respect of balance of accumulated leave. However general principles to defined benefit retirement benefit have been applied.

(ii) The benefits are governed by the Entity's Leave Policy. The key features are as under

Employee's Contribution	0%
Employer's Contribution	100%
Salary Definition for Encashment	Last drawan As per the company rules
Salary Definition for Availment	Last drawn CTC Salary
Vesting Condition	Not Applicable
Leave Credited Annually	15 days
Leave Denominator	30 days
Maximum Accumulation	60 days
Encashment during the Service	Allowed
Benefit On Retirement	Leave Days x Encashment Salary / Leave Denominator
Benefit on Resignation/Withdrawals	Same as Retirement Benefit
Benefit on death	Same as Retirement Benefit
Benefit on Availment	Leave Days x Availment Salary / Leave Denominator
Retirement Age	58 Years

(iii) Characteristics of defined benefit plans and risks associated with them:

Valuation of defined benefit plan are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit plans which are as follows:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience:

Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity Benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity Benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter- valuation period.

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign/retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

B. Changes in the Present value of Obligation **(Rs. in Lakhs)**

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Present Value of Obligation as at the beginning	16.43	13.60	8.41	4.96
Transfer in/(out) obligation	-	-	-	
Current Service Cost	2.99	5.38	3.61	3.73
Interest Expense or Cost	0.60	0.94	0.55	0.32
Past Service Cost	-	0.40	-	-
Re-measurement (or Actuarial) (gain) / loss arising from:				
- change in financial assumptions				
- change in demographic assumptions	0.20	(0.41)	(0.56)	-
- experience variance	-	-	-	-
Past Service Cost	1.12	(3.50)	2.34	(0.60)
Benefits Paid by an entity	(1.02)	-	(0.75)	-
Present Value of Obligation as at the end of the year	**20.31**	**16.43**	**13.60**	**8.41**
Bifurcation of Actuarial losses/ (gains)				
Actuarial losses/ (gains) arising from change in financial assumptions	0.20	(0.41)	(0.56)	-
Actuarial losses/ (gains) arising from change in demographic assumptions	-	-	-	-
Actuarial losses/ (gains) arising from experience adjustments	1.12	(3.50)	2.34	(0.60)
Actuarial losses/ (gains)	**1.32**	**(3.90)**	**1.78**	**(0.60)**
Bifurcation of Present Value of Benefit Obligation				
Current - Amount due within one year	1.77	1.45	1.16	0.70
Non-Current - Amount due after one year	18.54	14.98	12.44	7.71
Total	**20.31**	**16.43**	**13.60**	**8.41**

Expected Benefit Payments in Future Years

(Projections are for current members and their currently accumulated benefits) **(Rs. in Lakhs)**

Year 1	1.77	1.45	1.16	0.70
Year 2	1.70	1.41	1.10	0.67
Year 3	1.79	1.37	1.07	0.64
Year 4	1.57	1.33	1.04	0.62
Year 5	1.79	1.45	1.01	0.60
Year 6 and above	7.61	6.30	5.03	3.06

Sensitivity Analysis of Defined Benefit Obligation with references to Key Assumptions

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Discount Rate Sensitivity				
Increase by 0.5%	19.35	16.05	12.96	7.99
Decrease by 0.5%	21.32	17.68	14.31	8.85
Salary growth rate Sensitivity				
Increase by 0.5%	21.32	17.68	14.30	8.85
Decrease by 0.5%	19.34	16.04	12.96	7.99
Withdrawal rate (W.R.) Sensitivity				
Increase by 1%	20.32	16.86	13.61	8.39
Decrease by 1%	20.27	16.80	13.60	8.42

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Amounts recognized in Balance Sheet				
Net Liability / (Asset) recognised in Balance Sheet	20.31	16.43	13.60	8.41
Amounts recognized in Statement of Profit and Loss				
Current Service Cost	2.99	5.38	3.61	3.73
Past Service Cost	-	0.40		
Net interest on net Defined Liability / (Asset)	0.60	0.94	0.55	0.32
Net actuarial losses (gains) recognised in the year	1.32	(3.90)	1.78	(0.60)
Expenses recognised in Statement of Profit and Loss	**4.91**	**2.82**	**5.95**	**3.45**

Actuarial Assumptions

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Discount Rate	7.40%	7.50%	7.25%	6.85%
Expected rate of salary increase	7.00%	7.00%	7.00%	7.00%
Expected Return on Plan Assets	N/A	N/A	N/A	N/A
Availment Rate	1.00%	1.00%	1.00%	1.00%
In Service Encashment Rate	0.00%	0.00%	0.00%	0.00%
Mortality Rates	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2012-14) Ult.
Retirement Age	58	58	58	58

Note- 34- Contingent Liabilities and Capital Commitments **(Rs. in Lakhs)**

Particulars	Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
(I) Contingent Liabilities: *				
a) Claims against the Company not acknowledged as debts:	-	-	-	-
b) Corporate Guarantees given By Company	-	700.00	-	-
c) Bank Guarrantees	-	-	-	10.00
d) Bills Discounting	-	-	-	-
e) Under Direct Tax	8.69	-	-	-
f) Under Indirect Tax	146.84	-	-	-
g) Under EPCG/Advance Authorisation Import Duty Benefit received from DGFT not considered as liability untill it fulfills the Export Obligation	509.53	-	-	-
(II) Capital Commitments: *				
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	3,604.67	42.75	272.12	-

*The amount shown above are disclosed to the extent quantifiable and ascertainable.

Note- 35- Segment Reporting

Disclosure of segment reporting is given in Annexure "A"

Note -36- Related Party Discloures

Disclosure of transactions with Related Parties, as required by Ind AS 24 "Related Party Disclosures" has been set out below. Related parties as defined under clause 9 of the Ind AS 24 have been identified on the basis of representations made by the management and information available with the Company and the same has been relied upon by the auditors.

Note - 37 – Financial Instruments

Financial Risk Management – Objectives and Policies

The Company's financial liabilities mainly comprise the loans and borrowings in domestic currency, money related to capital expenditures, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's financial assets comprise mainly of investments, security deposits, cash and cash equivalents, other balances with banks, trade and other receivables that derive directly from its business operations.

The Company is exposed to the Market Risk, Credit Risk and Liquidity Risk from its financial instruments.

The Management of the Company has implemented a risk management system which is monitored by the Board of Directors of the Company. The general conditions for compliance with the requirements for proper and future-oriented risk management within the Company are set out in the risk management principles. These principles aim at encouraging all members of staff to responsibly deal with risks as well as supporting a sustained process to improve risk awareness. The guidelines on risk management specify risk management processes, compulsory limitations, and the application of financial instruments. The risk management system aims to identify, assess, mitigate the risks in order to minimize the potential adverse effect on the Company's financial performance.

The following disclosures summarize the Company's exposure to the financial risks and the information regarding use of derivatives employed to manage the exposures to such risks. Quantitative Sensitivity Analysis has been provided to reflect the impact of reasonably possible changes in market rate on financial results, cash flows and financial positions of the Company.

A. Financial Assets and Liabilities

(Rs in Lakhs)

Particulars	As at 30th September, 2023(Consolidated)		
	Amortised Cost *	FVTPL **	FVTOCI
Assets Measured at			
Trade receivables	4,228.11	-	-
Cash and Cash Equivalent	458.17	-	-
Other Bank Balances	935.72	-	-
Loans	95.08	-	-
Other Financial Assets	112.42	-	-
Total	**5,829.50**	**-**	**-**
Liabilities Measured at			
Borrowings (including current maturities of non-current borrowings)	4,517.04	-	-
Trade payables	5,475.22	-	-
Other Financial Liabilities	-	-	-
Total	**9,992.26**	**-**	**-**

Particulars	As at 31st March, 2023(Standalone)		
	Amortised Cost *	FVTPL **	FVTOCI
Assets Measured at			
Trade receivables	3,865.83	-	-
Cash and Cash Equivalent	745.70	-	-
Other Bank Balances	805.00	-	-
Loans	100.73	-	-
Other Financial Assets	90.49	-	-
Total	**5,607.75**	**-**	**-**
Liabilities Measured at			
Borrowings (including current maturities of non-current borrowings)	3,664.43	-	-
Trade payables	4,940.95	-	-
Other Financial Liabilities -	-	-	-
Total	**8,605.38**	**-**	**-**

Particulars	As at 31st March, 2022(Standalone)		
	Amortised Cost *	FVTPL **	FVTOCI
Assets Measured at			
Trade receivables	2,979.02	-	-
Cash and Cash Equivalent	536.05	-	-
Other Bank Balances	882.64	-	-
Loans	54.97	-	-
Other Financial Assets	45.48	-	-
Total	**4,498.16**	**-**	**-**
Liabilities Measured at			
Borrowings (including current maturities of non-current borrowings)	2,212.21	-	-
Trade payables	4,019.89	-	-
Other Financial Liabilities	-	-	-
Total	**6,232.10**	**-**	**-**

Particulars	As at 31st March, 2021(Standalone)		
	Amortised Cost *	FVTPL **	FVTOCI
Assets Measured at			
Trade receivables	1,751.65	-	-
Cash and Cash Equivalent	21.02	-	-
Other Bank Balances	620.64	-	-
Loans	0.52	-	-
Other Financial Assets	8.60	-	-
Total	**2,402.43**	**-**	**-**
Liabilities Measured at			
Borrowings (including current maturities of non-current borrowings)	1,665.02	-	-
Trade payables	2,140.84	-	-
Other Financial Liabilities	-	-	-
Total	**3,805.86**	**-**	**-**

(*) Fair value of financial assets and liabilities measured at amortized cost approximates their respective carrying values as the management has assessed that there is no significant movement in factor such as discount rates, interest rates, credit risk from the date of the transition. The fair values are assessed by the management using Level 3 inputs.

(**) The financial instruments measured at FVTPL represents current investments and derivative assets having been valued using level 2 valuation hierarchy.

Fair value hierarchy

The fair value of financial instruments as referred to in note below has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

B. Market Risk

Market Risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market Risk comprises three types of Risk: "Interest Rate Risk, Currency Risk and Other Price Risk". Financial instrument affected by the Market Risk includes loans and borrowings in foreign as well as domestic currency, retention money related to capital expenditures, trade and other payables.

(a) Interest Rate Risk

Interest Rate Risk is the risk that fair value or future cash outflows of a financial instrument will fluctuate because of changes in market interest rates. An upward movement in the interest rate would adversely affect the borrowing cost of the Company. The Company is exposed to long term and short - term borrowings. The Company manages interest rate risk by monitoring its mix of fixed and floating rate instruments and taking actions as necessary to maintain an appropriate balance. The Company has not used any interest rate derivatives.

Exposure to Interest Rate Risk

(Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Borrowing bearing fixed rate of interest	86.69	71.44	71.24	154.93
Borrowing bearing variable rate of interest	4,434.09	3,597.27	2,146.35	1,515.64

Sensitivity Analysis

Profit / (Loss) estimates to higher / lower interest rate expense from borrowings bearing variable rate of interest as a result of changes in interest rate.

(Rs. in Lakhs)

Particulars(*)	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Interest Rate – Increase by 50 Basis Points	(22.17)	(17.99)	(10.73)	(7.58)
Interest Rate – Decrease by 50 Basis Points	22.17	17.99	10.73	7.58

(*) holding all other variable constant. Tax impact not considered.

(b) Foreign Currency Risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar. Foreign exchange risk arises from recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. Considering the volume of foreign currency transactions, the Company has taken certain forward contracts to manage its exposure.

Exposure to Foreign Currency Risk

The Carrying amount of Company's unhedged Foreign Currency denominated monetary items are as follows :-

(Rs. in Lakhs)

Particulars	As at 30th September, 2023(Consolidated)			
	Amount in USD	Amount in EURO	Amount in GBP	Amount in Rs.
Net Unhedged Assets (Trade Receivables, Other Receivables, & Loans Given)	12.99	0.49	0.02	1,124.37
Net Unhedged Liabilities	53.64	-	-	4,440.83
Net Exposure Assets / (Liabilities)	**(40.65)**	**0.49**	**0.02**	**(3,316.46)**

Particulars	As at 31st March, 2023(Standalone)		
	Amount in USD	Amount in EURO	Amount in Rs.
Net Unhedged Assets (Trade Receivables, Other Receivables, & Loans Given)	5.13	1.26	534.65
Net Unhedged Liabilities	47.26	-	3,885.66
Net Exposure Assets / (Liabilities)	**(42.13)**	**1.26**	**(3,351.01)**

Particulars	As at 31st March, 2022(Standalone)		
	Amount in USD	Amount in EURO	Amount in Rs.
Net Unhedged Assets (Trade Receivables, Other Receivables, & Loans Given)	6.86	0.83	589.87
Net Unhedged Liabilities	36.38	-	2,757.89
Net Exposure Assets / (Liabilities)	**(29.52)**	**0.83**	**(2,168.02)**

Particulars	As at 31st March, 2021(Standalone)		
	Amount in USD	Amount in EURO	Amount in Rs.
Net Unhedged Assets (Trade Receivables, Other Receivables, & Loans Given)	2.39	-	175.44
Net Unhedged Liabilities	18.87	-	1,386.94
Net Exposure Assets / (Liabilities)	**(16.48)**	**-**	**(1,211.50)**

Sensitivity Analysis

The sensitivity of profit or (loss) to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(Rs. in Lakhs)

Particulars	As at 30th September, 2023(Consolidated)			
	Amount in USD	Amount in EURO	Amount in GBP	Amount in Rs.
INR / USD/EURO – Increase by 5%	(2.03)	0.02	0.00	(165.82)
INR / USD/EURO – Decrease by 5%	2.03	(0.02)	(0.00)	165.82

Particulars	As at 31st March, 2023(Standalone)		
	Amount in USD	Amount in EURO	Amount in Rs.
INR / USD/EURO – Increase by 5%	(2.11)	0.06	(167.55)
INR / USD/EURO – Decrease by 5%	2.11	(0.06)	167.55

Particulars	As at 31st March, 2022(Standalone)		
	Amount in USD	Amount in EURO	Amount in Rs.
INR / USD/EURO – Increase by 5%	(1.48)	0.04	(108.40)
INR / USD/EURO – Decrease by 5%	1.48	(0.04)	108.40

Particulars	As at 31st March, 2021(Standalone)		
	Amount in USD	Amount in EURO	Amount in Rs.
INR / USD/EURO – Increase by 5%	(0.82)	-	(60.58)
INR / USD/EURO – Decrease by 5%	0.82	-	60.58

(*) holding all other variable constant. Tax impact not considered.

C. Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and other Financial assets measured at amortized cost. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets. (i) Low credit risk, (ii) Moderate credit risk, (iii) High credit risk.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

Financial assets (other than trade receivables) that expose the entity to credit risk are managed and categorized as follows:

Basis of categorisation	Asset class exposed to credit	Provision for expected credit loss
Low credit risk	Cash and Cash Equivalents, Other Bank Balances, Loans and Other Financial Assets	12 month expected credit loss.
Moderate credit risk	Other Financial Assets	12 month expected credit loss, unless credit risk has increased significantly since initial recognition, in which case allowance is measured at life time expected credit loss
High credit risk	Other Financial Assets	Life time expected credit loss (when there is significant deterioration) or specific provision whichever is higher

Financial assets (other than trade receivables) that expose the entity to credit risk (Gross exposure): –

(Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Low Credit Risk				
Cash and cash equivalents	458.17	745.70	536.05	21.02
Bank Balances other than above	935.72	805.00	882.64	620.64
Loans	95.08	100.73	54.97	0.52
Other Financial Assets	112.42	90.49	45.48	8.60
Moderate/ High Credit Risk	-	-	-	-
Total	**1601.39**	**1741.92**	**1519.14**	**650.78**

(i) **Cash and cash equivalent and bank balance:**

Credit risk related to cash and cash equivalents and bank balance is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks.

(ii) **Loans and Other financial assets measured at amortized cost:**

Other financial assets measured at amortized cost includes Security Deposit to various authorities , Loans to staff and other receivables. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

(iii) **Trade receivables:**

Life time expected credit loss is provided for trade receivables. Based on business environment in which the Company operates, a default on a financial asset is considered when the counter party fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognized in statement of profit and loss.

(A) Expected credit losses:

Expected credit loss for trade receivables under simplified approach:

The Company recognizes lifetime expected credit losses on trade receivables & other financial assets using a simplified approach, wherein Company has defined percentage of provision by analyzing historical trend of default based on the criteria defined below and such provision percentage determined have been considered to recognize life time expected credit losses on trade receivables (other than those where default criteria are met in which case the full expected loss against the amount recoverable is provided for). Further, the Company has evaluated recovery of receivables on a case to case basis. No provision on account of expected credit loss model has been considered for related party balances. The Company computes credit loss allowance based on provision matrix. The provision matrix is prepared on historically observed default rate over the expected life of trade receivable and is adjusted for forward - looking estimate. The provision matrix at the end of reporting period is as follows:

Particulars	Expected Loss Rate
< 90 Days -	0.00%
120 to 180 days	0.50%
180 to 365 days	1.00%
1 Year to 2 Year	10.00%
2 Year to 3 Year	25.00%
3 Year >	50.00%

(Rs. in Lakhs)

Movement in Expected Credit Loss Allowance on Trade Receivables	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Balance at the beginning of the reporting period	22.18	17.99	9.97	-
Loss Allowance measured at lifetime expected credit losses	2.04	4.19	8.02	9.97
Balance at the end of reporting period	**24.22**	**22.18**	**17.99**	**9.97**

D. Liquidity Risk

Liquidity Risk is the risk that the Company will encounter difficulty in raising the funds to meet the commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates.

Financing arrangements:

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

(Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Expiring within One Year				
- CC/EPC Facility	-	-	-	594.47
- Invoice Discounting Facility	-	-	-	
Expiring beyond One Year				
- CC/EPC Facility	569.88	40.7	38.86	174.66

The cash credit and other facilities may be drawn at any time and may be terminated by the bank without notice.

Maturities of Financial Liabilities:

The tables below analyze the Company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. AS per **Annexure "B"**

E. Capital Management

The Company's capital management objectives are to ensure the company's ability to continue as a going concern, to provide an adequate return to share holders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet. Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company manages its capital on the basis of Net Debt to Equity Ratio which is Net Debt (Total Borrowings net of Cash and Cash Equivalents) divided by total equity.

(Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Total Borrowings	4517.04	3664.43	2212.21	1665.02
Less: Cash and Cash Equivalents	458.17	745.70	536.05	21.02
Net Debt (A)	**4058.87**	**2918.73**	**1676.16**	**1644.00**
Total Equity (B)	**7957.08**	**5957.01**	**2553.15**	**1306.02**
Capital Gearing Ratio (B/A)	**1.96**	**2.04**	**1.52**	**0.79**

The Company has complied with the covenants as per the terms and conditions of the major borrowing facilities throughout the Reporting Period.

Note - 38 – Balance confirmation of Receivables

Confirmation letters have not been obtained from all the parties in respect of Trade Receivable, Other Non- Current Assets and Other Current Assets. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

Note - 39 – Balance Confirmation of Payables

Confirmation letters have not been obtained from all the parties in respect of Trade Payable and other current liabilities. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

Note - 40 – Events occurring after the Balance sheet Date

The Group evaluates events and transactions that occur subsequent to the balance sheet date but prior to approval of the financial statements to determine the necessity for recognition and/or reporting of any of these events and transactions in the financial statements. There are no subsequent events to be recognized or reported that are not already disclosed.

Annexure "A"

Segment reporting

(Rs. in Lakhs)

Particular		Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
Segment revenue					
External revenue		16,064.24	24,748.08	15,611.46	7,582.42
Intersegment revenue		-	-	-	-
	Total	**16,064.24**	**24,748.08**	**15,611.46**	**7,582.42**

Segments assets include:

Sundry Debtors:		As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
India		3,127.96	3,353.36	2,407.14	1,586.18
Outside India		1,124.37	534.65	589.87	175.44
	Total	**4,252.33**	**3,888.01**	**2,997.01**	**1,761.62**

Segments liabilities include:

Sundry Creditors:		As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
India		1,034.39	1,055.29	1,261.99	753.90
Outside India		4,440.83	3,885.66	2,757.89	1,386.94
	Total	**5,475.22**	**4,940.95**	**4,019.88**	**2,140.84**

(i) Details of revenue by Nature of business is as below:

Particular		Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
a) Revenue from operations		16,064.24	24,748.08	15,611.46	7,582.42
b) Other income		221.07	240.43	211.07	98.53
	Total	**16,285.31**	**24,988.51**	**15,822.53**	**7,680.95**

(ii) Details of revenue based on geographical location of customers is as below (Total Revenue):

Particular		Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
India		13,692.04	21,927.82	14,117.83	7,176.47
Outside India		2,372.20	2,820.26	1,493.63	405.95
	Total	**16,064.24**	**24,748.08**	**15,611.46**	**7,582.42**

(iii) Details of non-currents assets (Property, plant and equipments, excluding CWIP) based on geographical are as below:

Particular		As at 30th September, 2023 (Consolidated)	Year ended Mar 31, 2023	Year ended Mar 31, 2022	Year ended Mar 31, 2021
India		2,841.82	3,214.65	2,131.91	2,128.33
Outside India		-	-	-	-
	Total	**2,841.82**	**3,214.65**	**2,131.91**	**2,128.33**

Annexure "B"
Maturity Table of Financial Liabilities

As at 30th September 2023 (Consolidated) **(Rs. in Lakhs)**

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Borrowings (including current maturities of non-current borrowing and excluding lease liabilities)	3,464.01	352.27	375.93	328.57	4,520.78
Less: IND AS Effect	-	-	-	-	(3.74)
Total	**3,464.01**	**352.27**	**375.93**	**328.57**	**4,517.04**
Trade payables	5,430.19	1.11	43.92	-	5,475.22
Total	**8,894.20**	**353.38**	**419.85**	**328.57**	**9,992.26**

As at 31st March 2023 (Standalone) **(Rs. in Lakhs)**

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Borrowings (including current maturities of non-current borrowing and excluding lease liabilities)	2,437.15	353.57	368.86	509.13	3,668.71
Less: IND AS Effect	-	-	-	-	(4.28)
Total	**2,437.15**	**353.57**	**368.86**	**509.13**	**3,664.43**
Trade payables	4,924.23	0.07	15.68	0.97	4,940.95
Total	**7,361.38**	**353.64**	**384.54**	**510.10**	**8,605.37**

As at 31st March 2022 (Standalone)

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Borrowings (including current maturities of non-current borrowing and excluding lease liabilities)	1,178.91	219.21	256.95	562.52	2,217.59
Less: IND AS Effect	-	-	-	-	(5.38)
Total	**1,178.91**	**219.21**	**256.95**	**562.52**	**2,212.21**
Trade payables	3,964.15	29.26	25.34	1.13	4,019.88
Total	**5,143.06**	**248.47**	**282.29**	**563.65**	**6,232.08**

As at 31st March 2021 (Standalone)

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Borrowings (including current maturities of non-current borrowing and excluding lease liabilities)	815.62	214.34	200.33	440.28	1,670.57
Less: IND AS Effect	-	-	-	-	(5.55)
Total	**815.62**	**214.34**	**200.33**	**440.28**	**1,665.02**
Trade payables	2,137.49	2.51	0.84	-	2,140.84
Total	**2,953.11**	**216.85**	**201.17**	**440.28**	**3,805.86**

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Notes to the Restated Financial Statements for the Period ended 30th September, 2023

Note - 41 - Restated Consolidated / Standalone Statement of Related Party Transaction

(Rs. in Lakhs)

Sr No.	Name of Party	Nature of Relation	Nature of Transaction	Amount outstanding as on 30.09.2023 Payable/(Receivable)	Amount of Transaction Debited From 01.04.2023 to 30.09.2023	Amount of Transaction credited From 01.04.2023 to 30.09.2023	Amount outstanding as on 31.03.2023 Payable/(Receivable)	Amount of Transaction debited in 2022-23	Amount of Transaction credited in 2022-23	Amount outstanding as on 31.03.2022 Payable/(Receivable)
1	Santosh Kumar Yadav	Promoter	Remmuneration	2.06	28.59	30.00	0.65	23.11	23.76	-
			Loan Taken	30.56	45.00	60.25	15.31	95.00	107.00	3.31
			Interest on loan	1.87	0.08	0.80	1.15	0.13	1.28	-
2	Anju Devi	Promoter	Remmuneration	10.35	10.35	15.00	5.70	18.06	23.76	-
			Loan Taken	56.13	-	-	56.13	15.00	3.20	67.93
			Interest on loan	12.51	0.34	3.38	9.47	8.26	7.39	10.34
3	KRN Coils Private Limited	Promoter Group	Loan Given	(82.37)	488.87	493.07	(86.57)	46.57	-	(40.00)
			Expenses	-	0.92	0.92	-	2.61	2.61	-
			Receipt-Payments	-	-	-	-	33.51	33.51	-
			Trade Payables	-	4.69	4.69	-	-	-	-
			Rent Received	-	-	-	-	1.32	1.32	-
			Trade Receivable	-	740.09	1,117.01	(376.92)	1,631.89	1,791.43	(536.46)
4	Manohar Lal	Promoter Group	Salary	-	0.62	-	0.62	7.85	7.94	0.53
			Loan Taken	-	-	-	-	4.00	4.00	-
5	Kamla Devi	Promoter Group	Loan Taken	-	-	-	-	7.00	7.00	-
6	Sudesh Devi	Promoter Group	Salary	-	12.00	12.00	-	-	-	-
7	Sonu Gupta	Key Managerial Personnel	Salary	1.13	0.33	1.46	-	-	-	-
8	Praveen Kumar	Key Managerial Personnel	Salary	0.64	3.86	3.86	0.64	1.07	1.71	-
9	KRN HVAC Products Private Limited	Subsidiary	Loan Given	(1,350.03)	2,320.48	970.45	-	-	-	-
			Investment	(499.95)	499.95	-	-	-	-	-
10	KRN Heat Exchanger and Refrigeration Limited	Parent Company	Loan Taken	1,350.03	970.45	2,320.48	-	-	-	-

Note:- Figures disclosed above for the FY 2020-21, 2021-22 & 2022-23 are on standalone basis and Figures for the period from 01-04-2023 to 30-09-2023 / as at 30-09-2023 are on Consolidated basis

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Notes to the Restated Financial Statements for the Period ended 30th September, 2023

Note - 41 - Restated Consolidated / Standalone Statement of Related Party Transaction

(Rs. in Lakhs)

Sr No.	Name of Party	Nature of Relation	Nature of Transaction	Amount outstanding as on 31.03.2022 Payable/(Receivable)	Amount of Transaction debited in 2021-22	Amount of Transaction credited in 2021-22	Amount outstanding as on 31.03.2021 Payable/(Receivable)	Amount of Transaction debited in 2020-21	Amount of Transaction credited in 2020-21	Amount outstanding as on 31.03.2020 Payable/(Receivable)
1	Santosh Kumar Yadav	Promoter	Remmuneration	-	19.78	18.90	0.88	22.02	20.50	2.40
			Loan Taken	3.31	175.18	119.50	58.99	42.01	101.00	-
			Interest on loan	-	7.13	7.02	0.11	0.40	0.51	-
2	Anju Devi	Promoter	Remmuneration	-	19.78	18.90	0.88	22.02	20.50	2.40
			Loan Taken	67.93	68.01	40.00	95.94	63.56	-	159.50
			Interest on loan	10.34	3.30	11.95	1.69	16.13	17.82	-
3	KRN Coils Private Limited	Promoter Group	Loan Given	(40.00)	40.00	-	-	-	-	-
			Expenses	-	1.21	1.21		-	-	-
			Receipt-Payments	-	19.81	20.01	(0.20)	0.20	-	-
			Trade Payables	-	39.75	39.75	-		-	-
			Rent Received	-	1.20	1.20	-	-	-	-
			Trade Receivable	(536.46)	2,254.67	1,755.53	(37.32)	37.32	-	-
4	Manohar Lal	Promoter Group	Salary	0.53	6.87	6.81	0.59	1.77	2.36	
			Loan Taken	-	-	-	-	-	-	-
5	Kamla Devi	Promoter Group	Loan Taken	-	-	-	-	-	-	-
6	Sudesh Devi	Promoter Group	Salary	-	-	-	-	-	-	-
7	Sonu Gupta	Key Managerial Personnel	Salary	-	-	-	-	-	-	-
8	Praveen Kumar	Key Managerial Personnel	Salary	-	-	-	-	-	-	-
9	KRN HVAC Products Private Limited	Subsidiary	Loan Given	-	-	-	-	-	-	-
			Investment	-	-	-	-	-	-	-
10	KRN Heat Exchanger and Refrigeration Limited	Parent Company	Loan Taken	-	-	-	-	-	-	-

Note:- Figures disclosed above for the FY 2020-21, 2021-22 & 2022-23 are on standalone basis and Figures for the period from 01-04-2023 to 30-09-2023 / as at 30-09-2023 are on Consolidated basis

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note – 42– Trade Receivables Ageing Schedule

As at 30th September, 2023 (Consolidated) **(Rs. in Lakhs)**

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Considered Good	-	4,135.64	103.58	5.16	7.95	-	4,252.33
Which have significant increase IN credit risk	-	-	-	-	-	-	-
Credit Impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	(24.22)
Trade Receivables	**-**	**4,135.64**	**103.58**	**5.16**	**7.95**	**-**	**4,228.11**

Note :- Trade Receivable Ageing schedule including related parties

As at 31st March, 2023 (Standalone) **(Rs. in Lakhs)**

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Considered Good	-	3,880.62	1.53	-	0.63	0.51	3,883.30
Which have significant increase IN credit risk	-	-	-	-	-	4.71	4.71
Credit Impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	(22.18)
Trade Receivables	**-**	**3,880.62**	**1.53**	**-**	**0.63**	**5.22**	**3,865.83**

Note :- Trade Receivable Ageing schedule including related parties

As at 31st March, 2022 (Standalone)

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Considered Good	-	2,980.70	9.01	0.01	2.58	4.71	2,997.01
Which have significant increase IN credit risk	-	-	-	-	-	-	-
Credit Impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	(17.99)
Trade Receivables	**-**	**2,980.70**	**9.01**	**0.01**	**2.58**	**4.71**	**2,979.02**

Note :- Trade Receivable Ageing schedule including related parties

As at 31st March, 2021 (Standalone)

Particulars	Outstanding for following periods from due date of payment						
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
Considered Good	-	1,755.56	1.36	-	4.71	-	1,761.62
Which have significant increase IN credit risk	-	-	-	-	-	-	-
Credit Impaired	-	-	-	-	-	-	-
Less: Allowance for doubtful debts	-	-	-	-	-	-	(9.97)
Trade Receivables	**-**	**1,755.56**	**1.36**	**-**	**4.71**	**-**	**1,751.65**

Note :- Trade Receivable Ageing schedule including related parties

Note – 43– Trade Payables Ageing Schedule

As at 30th September, 2023 (Consolidated) (Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
MSME	-	413.35	-	-	-	413.35
Others	-	5,016.84	1.11	43.92	-	5,061.87
Disputed dues- MSME	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-
Trade Payables	**-**	**5,430.19**	**1.11**	**43.92**	**-**	**5,475.22**

As at 31st March, 2023 (Standalone) (Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
MSME	-	461.22	-	-	-	461.22
Others	-	4,463.01	0.07	15.68	0.97	4,479.73
Disputed dues- MSME	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-
Trade Payables	**-**	**4,924.23**	**0.07**	**15.68**	**0.97**	**4,940.95**

As at 31st March, 2022 (Standalone)

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
MSME	-	315.61	-	-	-	315.61
Others	-	3,648.54	29.26	25.34	1.13	3,704.27
Disputed dues- MSME	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-
Trade Payables	**-**	**3,964.15**	**29.26**	**25.34**	**1.13**	**4,019.88**

As at 31st March, 2021 (Standalone)

Particulars	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
MSME	-	215.17	-	-	-	215.17
Others	-	1,922.32	2.51	0.84	-	1,925.67
Disputed dues- MSME	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-
Trade Payables	**-**	**2,137.49**	**2.51**	**0.84**	**-**	**2,140.84**

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note -43A - PRINCIPLES OF CONSOLIDATION

The Consolidated audited financials statements related to KRN Heat Exchanger and Refrigeration Limited ("the company") and its WOS subsidiary entity viz KRN HVAC Producs Private Limited (Together would be called as "Group"). The Consolidated Financial Statements have been prepared on the following basis:

i. The financial statements of the company and its subsidiary entity, used in the consolidation are drawn up to the same date as that of the company i.e 30th September 2023.

ii. The Restated financial statements of the Company and its subsidiary entity have been combined on line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profit or losses, unless cost cannot be recovered.

iii. The excess of cost to the company of its investment in the subsidiary entity over its share of equity of the subsidiary entity, at the date on which the investment in the subsidiary entity were made, is recognized as 'Goodwill' being an asset in the consolidated financial statement and is tested for impairment on annual basis.

iv. Goodwill arising on consolidation is not amortized but tested for impairment.

v. The Restated consolidated financial statement have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statements.

vi. Following subsidiary company/entity, associate and jointly controlled entities have been considered in the preparation of the Restated consolidated financial statement:

Name of the Company	Relationship	Country of incorporation	% of Holding and voting power either directly or indirectly through subsidiary (As at 30th September, 2023)
KRN HVAC Producs Private Limited	Wholly Owned Subsidiary	INDIA	99.99%

Note – 44– Additional regulatory information

A)The title deeds of immovable properties (other than properties where the Group is the lessee and the lease reements are duly executed in favour of the lessee) are held in the name of the Group.

B)The Group does not have any investment property.

C)The Group has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and Intangible assets.

D)There are loans or advances in the nature of loans are granted to Promoters, Directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are outstanding as on 30th September, 2023 are as follows which is repayables on demand:

(Rs. in Lakhs)

Type of Borrowers	
KRN Coils Private Limited	82.37

E)No proceedings have been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder

F)The Group is not declared willful defaulter by any bank or financial institution or other lender.

G)The Group has not undertaken any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

H) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

I) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the undrstanding (whether recorded in writing or otherwise) that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (Ultimate Beneficiaries) by or on behalf of the Group or provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

J) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (Ultimate Beneficiaries) by or on behalf of the Funding Party or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

K) No transactions has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961. There are no such previously unrecorded income or related assets.

L) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

M) Corporate Social Responsibility (Standalone)

The Company has formed a Corporate Social Responsibility Committee as required under Section 135 of the Companies Act, 2013. The funds have been spent on the activities specified in the Act. Details of the CSR spending are as follows:

1. Gross amount required to be spent: **(Rs. in Lakhs)**

Sr No.	Year Ended	Prescribed CSR Expenditure (Amount in Lakhs) (Refer Note)
1	30-Sep-23	45.52
2	31-Mar-23	17.06
3	31-Mar-22	Not Applicable
4	31-Mar-21	Not Applicable

2. Amount spent for the period/years ended: **(Rs. in Lakhs)**

Sr No.	Year Ended	Other Than Construction/Acquisition of Assets (Amount in Lakhs) (Refer Note)
1	30-Sep-23	-
2	31-Mar-23	17.06
3	31-Mar-22	Not Applicable
4	31-Mar-21	Not Applicable

3. Amount outstanding to be Spent: **(Rs. in Lakhs)**

Sr No.	Year Ended	Other Than Construction/Acquisition of Assets (Amount in Lakhs) (Refer Note)
1	30-Sep-23	45.52
2	31-Mar-23	-
3	31-Mar-22	Not Applicable
4	31-Mar-21	Not Applicable

Notes:

1. For and upto the year ended March 31, 2022, the provisions of Section 135 of the Companies Act, 2013 in respect of Corporate Social Responsibility were not applicable to the company.
2. The Gross amount required to be spend for the Year Ended 31st March, 2023 is paid upto 30th Septemeber, 2023
3. Provision related to CSR is not applicable to subsidiary company

Note – 45– Previous year's figures have been regrouped, reclassified wherever necessary to correspond with the current year classification / disclosure.

Note – 46– First Time Adoption of Indian Accounting Standards ('Ind AS') (Standalone)

For all period up to and including the year March 31, 2022, the Company had prepared its financial statements in accordance with the Accounting Standards notified under Section 133 of The Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). For the year ended on March 31, 2023 prepared and presented in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 in accordance with the accounting policies as set out by the Company in Note No. 1.

The Accounting Policies as set out in Note No. 1 have been applied in preparing its financial statements for the year ended March 31, 2023 including the Comparative information for the year ended on March 31, 2022 and the Opening Ind AS Balance Sheet on the date of transition i.e., April 01, 2021.

In preparing its Ind AS Balance Sheet as at April 01, 2021 and in preparing the Comparative information for the period ended March 31,2022, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared under Previous GAAP for the followings:

a) Balance Sheet as at April 01, 2021 (Transition Date);

b) Balance Sheet as at March 31, 2022;

c) Statement of Profit and Loss for the year ended on March 31, 2021; and

d) Statement of Cash Flows for the year ended March 31, 2021

Ind AS 101 - First Time Adoption of Indian Accounting Standard, allow the first-time adopters, exemptions from the retrospective application and exemption of certain requirements of the Other Ind AS. The Company has availed the following exemptions as per Ind AS 101.

A. Ind AS Optional Exemptions:

1) Deemed cost of property, Plant and equipment and intangible Assets

The Company has elected to consider the Carrying Value of all its Property, Plants and Equipment's (PPE) and Intangible

Assets recognized in the financial statements prepared under Previous GAAP and use the same as Deemed Cost in the Opening Ind AS Financial Statements.

A. Ind AS Mandatory Exceptions:

1) Estimates:

An entity estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimate made for the same date in accordance with Previous GAAP (after adjustment to affect any difference in accounting policies) unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 01st April, 2021 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as there were not required under previous GAAP.

2) Classification and measurement of financial assets and liabilities:

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing as on date of transition. Financial Assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstance existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e., use of effective interest method, fair value of financial assets at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Notes :-47 Restated Consolidated / Standalone Statement of Capitalisation

(Rs. in Lakhs)

Particulars	Pre Issue	Post Issue
Borrowings		
Short- term (Including Current Maturity)	2,959.30	2,959.30
Long- term (A)	1,557.74	1,557.74
Total Borrowings (B)	**4,517.04**	**4,517.04**
Shareholders' funds		
Share capital	4,400.00	[-]
Other Equity	3,557.08	[-]
Total Shareholders' funds (C)	**7,957.08**	**[-]**
Long- term borrowings/ equity* {(A)/(C)}	**0.20**	**[-]**
Total borrowings / equity* {(B)/(C)}	**0.57**	**[-]**

* equity= total shareholders' funds

Notes:

1. Short-term borrowings implies borrowings repayable within 12 months from the Balance Sheet date. Long-term borrowings are debts other than short-term borrowings and also includes the current maturities of long-term borrowings (included in other current liabilities).
2. The above ratios have been computed on the basis of the Restated Consolidated / Standalone Summary Statement of Assets and Liabilities of the Group.
3. The above statement should be read with the Statement of Notes to the Restated Consolidated / Standalone Financial Information of the Group.

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Notes :-48 Statement of Tax Shelter

(Rs. in Lakhs)

Particulars	For Period Ended 30th September, 2023 (Standalone)	For the Year Ended 31st March		
		2023 (Standalone)	2022 (Standalone)	2021 (Standalone)
Profit before tax, as restated (A)	2,746.16	4,549.67	1,496.72	340.08
Addition under section 28 to 44DA	27.89	14.04	41.29	32.22
Total permanent differences (B)	**27.89**	**14.04**	**41.29**	**32.22**
Timing differences				
Depreciation difference as per books and as per tax	21.51	(17.15)	(57.00)	(99.84)
Pertaining to IND AS Adjustment	2.59	5.29	8.19	4.78
Total timing differences (C)	**24.10**	**(11.86)**	**(48.81)**	**(95.06)**
Deduction under Chapter VI-A (D)	-	-	-	-
Gross adjustments (E)=(A+B+C-D)	**2,798.15**	**4,551.85**	**1,489.20**	**277.24**
Brought Forward Business Loss (F)				
Net adjustments(G)=(E+F)	**2,798.15**	**4,551.85**	**1,489.20**	**277.24**
Tax Rate (H)	29.12%	29.12%	29.12%	27.82%
Tax impact of adjustments (I)=(G)*(H)	814.82	1,325.50	433.66	77.13
Tax expenses (Normal Tax Liability) (J= C+I) (derived)				
Minimum Alternate Tax (MAT)				
Income as per MAT **	2,746.16	4,549.67	1,496.72	340.08
Less :- Business Loss or Unabsorbed Depre w.e. Lower			-	-
Net Income as per MAT	**2,746.16**	**4,549.67**	**1,496.72**	**340.08**
Tax as per MAT	**524.52**	**868.99**	**285.87**	**60.60**
Tax Expenses= MAT or Normal Provision of Income Tax w.e. is higher	**814.82**	**1,325.50**	**433.66**	**77.13**
Tax paid as per "MAT" or "Normal"provision	**NORMAL**	**NORMAL**	**NORMAL**	**NORMAL**

Notes:

1. The above statement is in accordance with Accounting Standard - 22, "Accounting for Taxes on Income" prescribed under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended).
2. The permanent/timing differences for the years 31 March 2021,2022 and 2023 have been computed based on the Income-tax returns filed for the respective years after giving adjustments to restatements, if any.
3. Figures for the Period Ended 30th September, 2023 have been derived from the provisional computation of total income prepared by the Company in line with the final return of income will be filed for the assessment year 2024-2025 and are subject to any change that may be considered at the time of filing return of income for the assessment year 2024-2025
4. Statutory tax rate includes applicable surcharge, education cess and higher education cess of the year concerned.
5. The above statement should be read with the Statement of Notes to the Consolidated / Standalone Financial Information of the Company.

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note No:-49 Restated Consolidated / Standalone Statement of Accounting & Other Ratios

(Rs. in Lakhs)

Sr. no.	Particulars	For the Period ended 30th September, 2023 (Consolidated)	Year ended 31st March, 2023 (Standalone)	Year ended 31st March, 2022 (Standalone)	Year ended 31st March, 2021 (Standalone)
A	Net worth, as restated	7,957.08	5,957.01	2,553.15	1,306.02
B	Profit after tax, as restated	1,932.97	3,231.35	1,059.04	246.56
	Weighted average number of equity shares outstanding during the year				
C	For Basic/Diluted earnings per share	4,40,00,000	4,40,00,000	44,00,000	44,00,000
D	For Basic/Diluted earnings per share (after Bouns Issue)	4,40,00,000	4,40,00,000	4,40,00,000	4,40,00,000
	Earnings per share				
E	Basic/Diluted earnings per share (₹) **(B/C)**	4.39	7.34	24.07	5.60
F	Adjusted Diluted earnings per share after bouns issue **(B/D)**	4.39	7.34	2.41	0.56
G	**Return on Net Worth (%) (B/A*100)**	**24.29%**	**54.24%**	**41.48%**	**18.88%**
H	Number of shares outstanding at the end of the year	4,40,00,000	4,40,00,000	44,00,000	44,00,000
I	Number of shares outstanding at the end of the year (after Bouns Issue)	4,40,00,000	4,40,00,000	4,40,00,000	4,40,00,000
J	**Net asset value per equity share of ₹ 10 each(A/H)**	18.08	13.54	58.03	29.68
K	**Net asset value per equity share of ₹ 10 each after Bouns Issue (A/I)**	18.08	13.54	5.80	2.97
L	Face value of equity shares	10.00	10.00	10.00	10.00
M	Earning Before Interest , Taxes, Depreciation & Amortization (EBITDA)	2,914.20	4,931.75	1,693.56	542.58

Notes :-

1) The ratios have been computed in the following manner :

a) Basic and Diluted earnings per share = $\frac{\text{Restated Profit after tax attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the}}$

b) Return on net worth (%) = $\frac{\text{Restated Profit after tax}}{\text{Restated Net worth as at period/ year end}}$

c) Net asset value per share = $\frac{\text{Restated Net Worth as at period/ year end}}{\text{Total number of equity shares as at period/ year end}}$

2) The figures disclosed above are based on the Restated Financial Information of the Company.

3) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted for the number of equity shares issued during the period/year multiplied by the time weightage factor. The time weightage factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

4) Net worth for the ratios represents sum of share capital and reserves and surplus (share premium and surplus in the Restated Summary Statement of Profit and Loss).

5) The above statement should be read with the Statement of Notes to the Restated Financial Information of the Company in Annexure 4.

6) Earning Before Interest , Taxes, Depreciation & Amortization (EBITDA) = Profit Before Tax + Finance Cost + Depreciation & Amortisaton- Other Income

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note:- 50

Restatement adjustments, Material regroupings and Non-adjusting items

(a) Impact of restatement adjustments

Below mentioned is the summary of results of restatement adjustments made to the audited financial statements of the respective period/years and its impact on profits.

(Rs. in Lakhs)

Particulars	For the period Ended 30th September, 2023 (Consolidated)	For the year ended 31 March		
		2023 (Standalone)	2022 (Standalone)	2021 (Standalone)
Profit after tax as per audited financial statements	1,947.12	3,354.74	1,179.32	340.75
Adjustments to net profit as per audited financial statements :-				
Allowance for Expected Credit Loss & reversal thereof	-	-	8.02	9.97
Effect of Deferrement of Transaction Cost	-	-	0.17	(5.19)
Reclassification of net actuarial (gain)/ loss on employee defined benefit obligations	-	-	(12.75)	2.00
Increase / Decrease in Expenses/Income	19.97	182.73	140.80	125.23
Excess / Short Provision for Tax/MAT	(5.82)	(59.34)	(30.92)	(30.49)
Differed Tax Liability / Assets Adjustments	(0.00)	0.00	14.96	(7.33)
Less:- Total adjustments	**14.15**	**123.39**	**120.28**	**94.19**
Restated profit after tax for the period/ years	**1,932.97**	**3,231.35**	**1,059.04**	**246.56**

Note:

A positive figures represents addition and figures in brackets represents deletion in the corresponding head in the audited financial statements for respective reporting periods to arrive at the restated numbers.

(b) Explanatory notes for the restatement adjustments

(i) The Amount relating to the Income / Expenses have been adjusted in the year to which the same realted to & under which head the same realtes to.

(ii) The Company has provided Excess or Short Provision/MAT in the year in which the Income Tax Return has been filled for the respective financial year But in the Restated Financial Information the company has provided Excess or Short Provision/MAT in the year to which it relates to.

(iii) There is change in deferred tax assets / liabilities as per audited books of accounts and as per restated books for respective financial covered under the restated financial information and the same has been given effect in the year to which the same realtes to.

To give Explanatory Notes Regarding Adjustment :-

Appropriate adjustment have been made in the restated financial statement, wherever required, by reclassification of the corresponding item of income, expenses, assets and liabilities, in order to bring them I line with the groupings asper audited financail of the company for all the years and teh requirements of teh Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018.

(c) Reconciliation of restated Equity / Networth:

(Rs. in Lakhs)

Particulars	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)
Equity / Networth as per Audited Financials	7,802.85	5,788.63	2,374.05	1,177.91
Adjustment for:				
Difference Pertaining to changes in Profit / Loss due to Restated Effect for the period covered in Restated Financial	(342.14)	(327.99)	(214.47)	(94.18)
OCI Effect	0.74	0.74	(0.32)	(0.29)
Prior Period Expenses Effect	495.63	495.63	396.54	225.23
Prior Period Ind AS Transition Effect	-	-	(2.65)	(2.65)
Equity / Networth as Restated	**7,957.08**	**5,957.01**	**2,553.15**	**1,306.02**

To give Explanatory Notes Regarding Adjustment :-

Appropriate adjustment have been made in the restated financial statement, wherever required, by reclassification of the corresponding item of income, expenses, assets and liabilities, in order to bring them I line with the groupings asper audited financial of the company for all the years and the requirements of teh Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation 2018.

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note-51

A. Changes in Accounting Policies in the Periods/Years Covered In The Restated Financials

There is no change in significant accounting policies adopted by the Group

B. Notes On Restatement Made In The Restated Financials

1) The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

2) Contingent liabilities and commitments (to the extent not provided for) - A disclosure for a contingent liability is also made when there is a possible obligation that may, require an outflow of the Company's resources.

3) Figures have been rearranged and regrouped wherever practicable and considered necessary.

4) The management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required to be provided for.

5) The balances of trade payables, trade receivables, loans and advances are unsecured and considered as good are subject to confirmations of respective parties concerned.

6) Realizations: In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets and loans and advances are approximately of the same value as stated.

7) Contractual liabilities: All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

8) Amounts in the financial statements: Amounts in the financial statements are rounded off to nearest lakhs. Figures in brackets indicate negative values.

9) For all period up to and including the year March 31, 2022, the Company had prepared its Audited financial statements in accordance with the Accounting Standards notified under Section 133 of The Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (“Previous GAAP”). For the year ended on March 31, 2023 prepared and presented in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 in accordance with the accounting policies as set out by the Company in Note No. 1. and for ther purpose of Restated Financial Statement all the period are presented as per Indian Accounting Standard notified under the Companies Act, 2013

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Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note:52:- Accounting Ratios:

	Ratio	As at 30th September, 2023 (Consolidated)	As at 31st March, 2023 (Standalone)	As at 31st March, 2022 (Standalone)	As at 31st March, 2021 (Standalone)	% change (i)	% change (ii)	% change (iii)
		1	2	3	4	(1-2)/(2)	(2-3)/(3)	(3-4)/(4)
A	**Current ratio (In times)**							
	Current Assets	14,752.80	11,577.43	7,097.67	3,106.25			
	Current Liabilities	8,607.30	7,200.99	5,564.21	2,807.64			
	Current ratio (In times)	**1.71**	**1.61**	**1.28**	**1.11**	6.61%	26.04%	15.30%
B	**Debt-Equity Ratio (in times)**							
	Total Debts	4,517.04	3,664.43	2,212.21	1,665.02			
	Share Holder's Equity + RS	7,957.08	5,957.01	2,553.15	1,306.02			
	Debt-Equity Ratio	**0.57**	**0.62**	**0.87**	**1.27**	-7.72%	-29.01%	-32.04%
C	**Debt Service Coverage Ratio(in times)**							
	Earning available for debt service	3,013.33	5,047.43	1,840.52	563.64			
	Interest + installment	186.26	596.52	298.21	269.59			
	Debt Service Coverage Ratio,	**16.18**	**8.46**	**6.17**	**2.09**	91.20%	37.10%	195.20%
D	**Return on Equity Ratio (in %)**							
	Net After Tax	1,932.97	3,231.35	1,059.04	246.56			
	Average Share Holder's Equity	6,957.05	4,255.08	1,929.58	1,071.60			
	Return on Equity Ratio,	**27.78%**	**75.94%**	**54.88%**	**23.01%**	-63.41%	38.37%	138.54%
E	**Inventory Turnover Ratio (In times)**							
	Cost of Goods Sold	12,017.18	18,368.24	12,978.21	6,346.66			
	Average Inventory	6,405.54	3,819.64	1,339.17	452.03			
	Inventory Turnover Ratio	**1.88**	**4.81**	**9.69**	**14.04**	-60.99%	-50.38%	-30.98%
F	**Trade Receivables turnover ratio (In times)**							
	Net Credit Sales	16,064.24	24,748.08	15,611.46	7,582.42			
	Average Receivable	4,046.97	3,422.43	2,365.34	1,514.36			
	Trade Receivables turnover ratio,	**3.97**	**7.23**	**6.60**	**5.01**	-45.11%	9.56%	31.82%
G	**Trade payables turnover ratio (In times)**							
	Credit Purchase	13,496.86	21,006.45	13,890.92	6,304.17			
	Average Payable	5,208.08	4,480.42	3,080.36	1,925.88			
	Trade payables turnover ratio	**2.59**	**4.69**	**4.51**	**3.27**	-44.73%	3.97%	37.76%
H	**Net capital turnover ratio (In times)**							
	Revenue from Operations	16,064.24	24,748.08	15,611.46	7,582.42			
	Net Working Capital	6,145.50	4,376.45	1,533.47	298.61			
	Net capital turnover ratio	**2.61**	**5.65**	**10.18**	**25.39**	-53.77%	-44.45%	-59.91%
I	**Net profit ratio (in %)**							
	Net Profit	1,932.97	3,231.35	1,059.04	246.56			
	Revenue form Operation	16,064.24	24,748.08	15,611.46	7,582.42			
	Net profit ratio	**12.03%**	**13.06%**	**6.78%**	**3.25%**	-7.84%	92.47%	108.62%
J	**Return on Capital employed (in %)**							
	Earning Before Interest and Taxes	2,934.70	4,855.04	1,651.10	468.05			
	Capital Employed	12,474.12	9,621.44	4,765.35	2,971.04			
	Return on Capital employed	**23.53%**	**50.46%**	**34.65%**	**15.75%**	-53.38%	45.64%	119.94%
K	**Return on investment (in %)**							
	Income Generated from Investment Fund **(Refer Note)**	20.64	35.41	30.08	15.34			
	Invested funds	935.72	805.00	882.64	620.64			
	Return on investment	**2.21%**	**4.40%**	**3.41%**	**2.47%**	**-49.86%**	**29.07%**	**37.91%**

Note:- The above Income from Investment is Interest earned on Fixed Deposits(FD). The said FDs are held as pledged against credit facility. Hence is not held for investment purpose.

*** Reason for variance More than 25 %**

Reason for change in % more than 25% with respect to comparision of FY 2022-23 & For the period ended on 30.09.2023 is not disclosed, being the non comparative YOY figure.

A Current ratio (In times)

ii Since Revenue increased significantly and due to orders in hand, inventory holding at the end is high. Current ratio is improved.

B Debt-Equity Ratio (in times)

ii During the year, a term Loan of Rs. 572 Lakhs has taken and enhancement of working capital limit of Rs. 500 Lakhs. Due to the debt increased,ratio is decreased.

iii During the year, due to enhancement of working capital limit to 1800 lakhs , ratio is decreased.

C Debt Service Coverage Ratio(in times)

ii Due to incremental in earnings available for debt service by 273% in absolute terms during the year and incremental in interest and installment by 530% in absolute terms during the year, so ratio is decreased.

iii Due to incremental in earnings available for debt service by 328% in absolute terms during the year, so ratio is increased.

D Return on Equity Ratio (in %)

ii Company added new product models in its sales orders and contribution of new and increased sales margins of products, profitability is increased.

iii Since Revenue increased significantly, reduction in other direct & indirect cost, contribution is increased.

E Inventory Turnover Ratio (In times)

ii Since Revenue increased significantly and due to orders in hand, inventory holding at the end is high.

iii Since Revenue increased significantly and due to orders in hand, inventory holding at the end is high.

F Trade Receivables turnover ratio (In times)

iii Since Revenue increased significantly in last quarter of FY and outstanding with customers reamins as per terms of payments, so ratio is high in terms of PY.

G Trade payables turnover ratio (In times)

iii Since Purchases increased significantly in last quarter of FY and outstanding of creditors reamins as per terms of payments, so ratio is high in terms of PY.

H Net capital turnover ratio (In times)

ii Since Revenue increased significantly and due to orders in hand, inventory holding at the end is high.

iii Since Revenue increased significantly and due to orders in hand, inventory holding at the end is high.

I Net profit ratio (in %)

ii Ratio shows improvement during the year mainly due to increase in Sales & its prices. During the year, new model of products are also added in business and generate additonal contribution.

iii Ratio shows improvement during the year mainly due to increase in Sales Revenue & its prices.

J Return on Capital employed (in %)

ii Ratio shows improvement during the year mainly due to increase in Profitability.

iii Ratio shows improvement during the year mainly due to increase in Profitability.

K Return on investment (in %)

ii Company opened FD backed LCs, and earnings of interest depends on maturity/terms of LC realisation during the year. Due the period of FD & its realisation, interest earning fluctuating and ratio is changed.

iii Company opened FD backed LCs, and earnings of interest depends on maturity/terms of LC realisation during the year. Due the period of FD & its realisation, interest earning fluctuating and ratio is changed.

KRN HEAT EXCHANGER AND REFRIGERATION LIMITED

(Formerly Known as KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED)

Notes to the Consolidated / Standalone Restated Financial Statements for the Period ended on 30th September, 2023

Note-53- Foreign Exchange in flow/out flow **(Rs In Lakhs)**

Particulars	As at 30th September, 2023 (Consolidated)			
	Amount (USD)	Amount (EURO)	Amount (GPB)	Amount (INR)
Income in Foreign Currency				
Sale (Exclude Freight and Insurance)	24.89	3.84	0.02	2,372.20
Value of Imports on CIF basis				
Purchase of Raw material (Including Freight)	130.67	-	-	10,875.83
Machine , Tools and Die	0.99	-	-	82.59

Particulars	As at 31st March, 2023 (Standalone)			
	Amount (USD)	Amount (EURO)	Amount (GPB)	Amount (INR)
Income in Foreign Currency				
Sale (Exclude Freight and Insurance)	27.73	7.46	-	2,820.26
Sale return (Exclude Freight and Insurance)	-	-	-	-
Value of Imports on CIF basis				
Purchase of Raw material (Including Freight)	205.61	0.26	-	16,611.12
Machine , Tools and Die	8.26	0.24	-	692.43

Particulars	As at 31st March 2022 (Standalone)			
	Amount (USD)	Amount (EURO)	Amount (GPB)	Amount (INR)
Income in Foreign Currency				
Sale (Exclude Freight and Insurance)	18.97	1.15	-	1,493.63
Value of Imports on CIF basis				
Purchase of Raw material (Including Freight)	132.40	-	-	10,024.40
Machine , Tools and Die	0.58	0.16		56.69

Particulars	As at 31st March 2021 (Standalone)			
	Amount (USD)	Amount (EURO)	Amount (GPB)	Amount (INR)
Income in Foreign Currency				
Sale (Exclude Freight and Insurance)	5.52	-	-	405.95
Value of Imports on CIF basis				
Purchase of Raw material (Including Freight)	50.37	-		3,717.44
Machine , Tools and Die	7.51	0.25	-	58.41

OTHER FINANCIAL INFORMATION

The Financial Ratio based on Restated Financial Information of the Accounting are as follow:

(₹ in lakhs)

S. no.	Particulars	For the Period ended on September 30, 2023 (Consolidated)	For the Year Ended 31 March (Standalone)		
			2023	2022	2021
A	Net worth, as restated	7,957.08	5,957.01	2,553.15	1,306.02
B	Profit after tax, as restated	1,932.97	3,231.35	1,059.04	246.56
	Weighted average number of equity shares outstanding during the period/ year				
C	For Basic/Diluted earnings per share	4,40,00,000	4,40,00,000	44,00,000	44,00,000
D	For Basic/Diluted earnings per share (after Bonus Issue)	4,40,00,000	4,40,00,000	4,40,00,000	4,40,00,000
	Earnings per share				
E	Basic/Diluted earnings per share (₹) **(B/C)**	4.39	7.34	24.07	5.60
F	Adjusted Diluted earnings per share after bonus issue **(B/D)**	4.39	7.34	2.41	0.56
G	**Return on Net Worth (%) (B/A*100)**	**24.29%**	**54.24%**	**41.48%**	**18.88%**
H	Number of shares outstanding at the end of the period/ year	4,40,00,000	4,40,00,000	44,00,000	44,00,000
I	Number of shares outstanding at the end of the period/ year (After Bonus Issue)	4,40,00,000	4,40,00,000	4,40,00,000	4,40,00,000
J	**Net asset value per equity share of ₹ 10 each (A/H)**	**18.08**	**13.54**	**58.03**	**29.68**
K	**Net asset value per equity share of ₹ 10 each after Bonus Issue (A/I)**	**18.08**	**13.54**	**5.80**	**2.97**
L	Face value of equity shares	10.00	10.00	10.00	10.00
M	Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	2,914.20	4,931.75	1,693.56	542.58

Notes:

1. The ratios have been computed as per the following formulas:

(i) Basic and Diluted Earnings per Share:

$$\frac{\text{Restated Profit after Tax available to equity shareholders}}{\text{Weighted average number of equity shares outstanding at the end of the year /period}}$$

(ii) Net Asset Value (NAV) per Equity Share:

$$\frac{\text{Restated Net worth of Equity Share Holders}}{\text{Number of equity shares outstanding at the end of the year/period}}$$

(iii) Return on Net worth (%):

$$\frac{\text{Restated Profit after Tax available to equity shareholders}}{\text{Restated Net worth of Equity Shareholders}}$$

2. The figures disclosed above are based on the Restated Financial Information of the Company.

3. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted for the number of equity shares issued during the period/year multiplied by the time weightage factor. The time weightage factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/year.

4. Net worth for the ratios represents sum of share capital and reserves and surplus (share premium and surplus in the Restated Summary Statement of Profit and Loss).

5. Ratios for the Period ended of 30th September, 2023 have not been annualized.

6. The above statement should be read with the Statement of Notes to the Restated Financial Information of the Company in Annexure 4.

7. Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) = Profit Before Tax + Finance Cost + Dep. & Amortization-Other Income.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at **September 30, 2023**, on the basis of our Restated Financial Information, and as adjusted for the Issue. This table should be read in conjunction with *"**Risk Factors**"*, *"**Restated Financial Information**"* and *"**Management's Discussion and Analysis of Financial Condition and Results of Operations**"* beginning on pages 33, 260 and 336, respectively.

(₹ in lakhs)

Particulars	Pre-Issue	Post-Issue*
Borrowings		
Short- term (Including Current Maturity)	2,959.30	2,959.30
Long- term (A)	1,557.74	1,557.74
Total Borrowings (B)	**4,517.04**	**4,517.04**
Shareholder's Funds		
Share capital	4,400.00	[●]
Other Equity	3,557.08	[●]
Total Shareholders' funds (C)	**7,957.08**	[●]
Long- term borrowings/ equity* {(A)/(C)}	**0.20**	[●]
Total borrowings / equity* {(B)/(C)}	**0.57**	[●]

*Equity= Total Shareholder's Funds

Notes:

1. Short-term borrowings implies borrowings repayable within 12 months from the Balance Sheet date. Long-term borrowings are debts other than short-term borrowings and also includes the current maturities of long-term borrowings (included in other current liabilities).
2. The above ratios have been computed on the basis of the Restated Consolidated/ Standalone Summary Statement of Assets and Liabilities of the Group.
3. The above statement should be read with the Statement of Notes to the Restated Consolidate/ Standalone Financial Information of the Group.

FINANCIAL INDEBTEDNESS

Our Company has entered into financing arrangements with various banks in the ordinary course of business, including borrowings in the form of term loans and other working capital facilities to meet business and working capital requirements. *For details of the borrowing powers of our Board, see Chapter titled **"Our Management- Borrowing Powers"** on page 237.*

As on **30.11.2023**, our lenders were ***HDFC Bank Limited, Citibank N.A. and State Bank of India*** and our Company has obtained the necessary consents/ No objection certificates ***("NOC")*** on June 14, 2023, January 04, 2024 and June 20, 2023 from them under their relevant loan documentation for undertaking activities in relation to the Issue, including effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents and change in the composition of our Board held by our Shareholders (including our Promoters) in connection with or post the Issue.

As on **30.11.2023,** Our Company aggregate Secured borrowings from Scheduled commercial banks/Financial Institutions and unsecured borrowings from scheduled commercial banks/Financial Institutions and promoters is **₹ 4,407.48 Lakhs**. A summary of the borrowings is set forth below:

(₹ in lakhs)

S. No.	Category of borrowing	Purpose	Sanctioned Date	Validity	Rate of Interest	Sanctioned amount	Outstanding amount as on 30.11.2023
(A)	**Secured Borrowings**						
(A1)	**Fund Based Borrowings**						
(i)	**Term Loans**						
	- State Bank of India	Roof Top Solar System	06.03.2021	85 Months	9.55%	99.50	5.43
	- HDFC Bank Ltd	Car Loan	29.09.2021	84 Months	7.00%	83.60	62.83
	- HDFC Bank Ltd-Working Capital Term Loan	Business Use	31.08.2023	71 Months	10.10%	160.00	76.95
	- HDFC Bank Ltd-Working Capital Term Loan	Business Use	31.08.2023	47 Months	10.10%	140.00	18.41
	- HDFC Bank Ltd-Working Capital Term Loan	Business Use	31.08.2023	72 Months	10.65%	600.00	353.47
	- HDFC Bank Ltd-Working Capital Term Loan**	Business Use	31.08.2023	60 Months	9.65%	500.00	418.06
(ii)	**Cash Credit**						
	HDFC Bank Ltd - Cash Credit*	For availing cash credit facilities as per requirements	31.08.2023	12 Months	9.17%	3200.00	(50.17)
(iii)	**GECL**						
	- State Bank of India Ltd- GECL	For working capital requirements	16.11.2021	60 Months	9.25%	25.00	0.11
	- HDFC Bank Ltd-GECL I	For working capital requirements	31.08.2023	48 Months	9.25%	61.00	13.45

S. No.	Category of borrowing	Purpose	Sanctioned Date	Validity	Rate of Interest	Sanctioned amount	Outstanding amount as on 30.11.2023
	- HDFC Bank Ltd-GECL II	For working capital requirements	31.08.2023	60 Months	9.25%	288.00	288.00
	TOTAL (A1)					**5,157.10**	**1,186.54**
(A2)	**Non-Fund Based Borrowings**						
	- HDFC Bank Ltd-Letter of Credit#	For working capital requirements	31.08.2023	3 Months	0.50%	4,600.00	2,866.88
	- HDFC Bank Ltd-Letter of Credit	For working capital requirements	31.08.2023	3 Months	0.50%	300.00	0.00
	- HDFC Bank Ltd-Foreign Bill Discounting Backed by Letter of Credit	For working capital requirements	31.08.2023	12 Months	0.50%	500.00	0.00
	- HDFC Bank Ltd-Pre-Settlement Risk (PSR)	For working capital requirements	31.08.2023	6 Months	1.80%	200.00	0.00
	- HDFC Bank Ltd-Retail Bank Guarantee	For working capital requirements	31.08.2023	18 Months	1.80%	9.93	0.00
	- HDFC Bank Ltd-Retail Bank Guarantee	For working capital requirements	31.08.2023	24 Months	1.80%	13.00	0.00
	- HDFC Bank Ltd-Pre-Shipment Credit	For working capital requirements	31.08.2023	12 Months	9.50%	500.00	304.50
	- HDFC Bank Ltd-Drop Line Overdraft (DRUL)	For working capital requirements	31.08.2023	12 Months	9.50%	200.00	0.00
	- HDFC Bank Ltd-Purchase Card	For working capital requirements	31.08.2023	12 Months	-	15.00	0.00
	- HDFC Bank Ltd-Corporate Card	For working capital requirements	31.08.2023	12 Months	-	5.00	0.00
	TOTAL (A2)					**6,342.93**	**3,171.38**
	TOTAL (A1) + (A2)					**11,500.03**	**4,357.92**
(B)	**Unsecured Borrowings**						
(i)	**From Directors**						
	Santosh Kumar Yadav	-	-	-	12%	350.00	0.17
	Anju Devi	-	-	-	12%	350.00	49.39
	Total B1					**700.00**	**49.56**
	Total Outstanding Borrowings (A1+A2+B1)					**12,200.03**	**4,407.48**

As certified by M/s Keyur Shah & Co, Chartered Accountants, our Statutory Auditor, pursuant to their certificate dated January 08, 2024.

**The Cash Credit Facility from HDFC Bank limited amounts to Rs. 3,200.00 lakhs, includes a Letter of Credit Limit of Rs. 400.00 Lakhs and Term Loan for Gift City amounting to Rs. 2,100.00 Lakhs.*

***The Working Capital Term Loan from HDFC Bank Limited amounting to Rs. 500.00 Lakhs, includes a Capex Letter*

of Credit Limit of Rs. 500.00 Lakhs.
#The Letter of Credit from HDFC Bank Limited amounting to Rs. 4,600.00 Lakhs includes a Sub Limit Letter of Credit amounting to Rs. 2,100.00 Lakhs and a Post Shipment Credit facility amounting to Rs. 2,100.00 Lakhs.

Principal terms of the borrowings availed by us:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various financing documentation executed by us in relation to our indebtedness.

1. **Interest**: In terms of the facilities availed by us, the interest rate is typically the base rate of a specified lender and spread per annum. The spreads are different for different facilities. The interest rates for the loans availed by our Company typically range from 7.00% per annum to 10.10% per annum. This includes term loans, overdrafts and working capital facility.

2. **Validity/Tenor**: The working capital facilities are typically repayable on demand of the lender as well as the based on a mutually agreed repayment schedule. The validity of our credit facilities typically ranges between 3 months and 12 months. The tenor of our term loans typically ranges between 47 months to 85 months.

3. **Security**: In terms of some of our loan facilities, we are required to inter alia:
   i) Mortgage charge of certain residential and commercial immovable properties of the promoters, group company and our Company;
   ii) First Pari Passu charge on the assets of our company and hypothecation of plant and machinery.
   iii) Furnish irrevocable and unconditional personal guarantees in the form prescribed by the lender from our promoters i.e., Mr. Santosh Kumar Yadav, Mrs. Anju Devi;
   iv) Corporate guarantee of our Group Company, KRNCOILS Private Limited; and
   v) Such other security as may be stipulated by the Bank from time to time.
   vi) Vehicles are hypothecated for which loan facilities have been availed.

4. **Penal Interest**: The terms of certain financing facilities availed by us prescribe penalties for non-compliance of certain obligations by us. These include, *inter alia,* breach of non-payment of instalments, breaching any provisions as set forth in the loan documentation entered with the lenders or default in the performance of the obligations set forth in such loan documentation, etc. Penal interest for our Company is 18% p.a. on overdue/delays/defaults of any monies payable. An additional @ 2% p.a. Penal interest levy over existing rate of interest for:

   I. Non-submission of documents for renewal of credit facilities.
   II. Non submission of Stock statement.
   III. Non submission of Stock and Property Insurance policy including renewal policy.
   IV. Non-compliance in documentation for the credit facility.

   Also, in some cases, it is Rs. 200 per day for each day of delay beyond due date. No penal interest will be levied on loan from GECL SBI bank.

5. **Pre-payment penalty**: The facilities availed by our company allow pre-payment. HDFC Bank (Car loan) allow for pre-payment on a fixed interest rate basis and terms for the same is as follows:

   I. If the foreclosure is being made before 6 Months of disbursement, then charge of 5.00% is levied on the principle amount outstanding.

II. If the foreclosure is being made between 6 Month to 36 Month of disbursement, a charge of 3.00% is levied on the principle amount outstanding.

There is no prepayment penalty on SBI Term Loans.

6. **Repayment**: The cash credit facilities are typically repayable on demand, while the working capital loans are typically either repayable on their respective due dates within the maximum tenor or in structured instalments. The term loans are typically repayable in structured instalments.

7. **Restrictive covenants**: The Company shall give 60 day's prior notice to the Bank for undertaking any of the following activities to enable the Bank to take a view. If, in the opinion of the Bank, the move contemplated by the borrower is not in the interest of the Bank, the Bank will have the right of veto for the activity. Should the borrower still go ahead, despite the veto, the Bank shall have the right to call up the facilities sanctioned.

   a. Enter into any merger/amalgamation etc or do a buyback;
   b. Investment by way of share capital or Loan or Advance funds to or Place deposits with any other concern (including group companies).
   c. Entering into any contractual obligation of a long-term nature (i.e. 2 years or more) or which, in the reasonable assessment of the Bank, is an unrelated activity and is detrimental to lender's interest.
   d. Issuing any personal guarantee or Letter of Credit in the nature of guarantee on behalf of any other company (including group companies).
   e. Wind up/liquidate its affair or agree/authorise to settle any litigation/arbitration having a material adverse effect;
   f. Permit any change in its ownership/control/management (including by pledge of promoter/sponsor shareholding in the Company to any third party)/beneficial owner or enter into arrangement whereby its business/operations are managed or controlled, directly or indirectly, by any other person. Unlisted Company shall submit yearly certificate to confirm compliance of the same.
   g. Wind up, liquidate or dissolve its affairs or take any steps for its voluntary winding up or liquidation or dissolution;
   h. Change the practice with regard to remuneration of directors by means of ordinary remuneration or commission, scale of sitting fees etc
   i. Avail any loan; and/or stand as surety or guarantor for any third-party liability or obligation; and/or provide any loan or advance to any third party;
   j. In the event of any change/addition in the premises where the stocks are stored, the Company shall provide prior information to Bank.
   k. Encumber its assets;
   l. The Company undertakes that no consideration whether by way of commission, brokerage fees or any other form, would be paid by the Company to the Guarantor in whatever form, directly or indirectly for the issuance of the guarantee as security for the facility;
   m. Company shall not transfer, sell, lease, grant on license or create any third-party interest of any nature whatsoever on the Security without the prior written consent of the Bank.
   n. Repay any principal or interest on any loans availed from the shareholders/directors/partners/proprietor/co-parceners, relatives, friends or any other affiliates (as the case may be), as at the date of the execution of this Agreement.

8. **Events of default**: Borrowing arrangements entered by our Company contain standard events of default, including:

a. Default in repayment of principal sums of loan;
b. Default in payment of interest;
c. Default in performance of covenants or any obligation under the loan agreement even after any applicable grace period has elapsed
d. the Company fails forthwith upon being required by the Bank to furnish satisfactory additional security;
e. Default in submission of no charge on asset/no dues/satisfaction of charge certificate from the existing Bank within 15 days of the first disbursement;
f. Delay or non-submissions of audited balance sheet within stipulated timelines;
g. Occurrence of extra ordinary circumstances having material adverse effect on security interest, business or financial condition of our Company, ability of our Company to perform obligations under borrowing arrangements;
h. Initiation of winding up, dissolution or re-organization proceedings against our Company or for appointment of a receiver, liquidator, agent, custodian, trustee or similar officer on its assets;
i. an assignment made by the Company for the benefit of creditors or taking advantage of any insolvency law;
j. Initiation of any proceedings against our Company by any person, under Insolvency and Bankruptcy Code, 2016;
k. Defaults on specified transactions wherein the Company defaults on specified transactions even after giving the applicable notice/grace period or disaffirm, disclaim, repudiation or rejection by the Company regarding any specified transaction or any credit support arrangement that is evidenced by a document or other confirming evidence executed and delivered by the Company.
l. Any instructions given by the Company effecting stop payment of the payment instructions for any reason whatsoever;
m. Cross Default: Default under one or more agreements or instruments related to specified indebtedness as per the applicable threshold resulted in such indebtedness becoming, or becoming capable at such time being declared, due and payable under such agreements;
n. The Company being resulting, surviving or transferee entity fails to assume all the obligations of such party under the loan agreement or benefits of any credit support document fails to extend to the performance of our Company of our obligations under the loan agreement;
o. Fall, increase or decrease, in the opinion of the Bank, the value of any security lower than the value required due to any reason whatsoever;
p. If the loan or any part thereof is utilised for any purpose for which it is applied by the Company and sanctioned by the Bank;
q. The death, lunacy, failure in business of the Company or if convicted under any criminal law in force; and
r. If it is certified by an accountant appointed by the Bank that the liabilities exceed the assets; or accumulated losses equals to or exceeds 50% of its net worth or net worth in the immediately preceding five years is eroded or diminished by 50% or more.

9. **Consequences of events of default**:

a. to securitise the assets charged and in the event of such securitisation, the Bank will suitably inform the Company(s) and guarantor(s). In addition, the Bank shall have the right to novate/assign the assets charged.

b. Require our Company to make immediate repayment of the outstanding balances;
c. Enforce securities created pursuant to the security documents;
d. Bank shall have the right to convert loan to equity or other capital in accordance with the regulatory guidelines.
e. Exercise any of the rights/remedies available to Bank under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and/or recovery of debts due to Banks and Financial Institutions Act, 1993 and/or IBC;
f. In case of a failed takeover, Bank reserves the right to charge the Company 1% of the total limits sanctioned as Fore-closure charges;
g. Demand the Company to furnish cash collateral in respect of all or part of the loan.
h. Necessary steps to recover the amount disbursed under the facilities;
i. The Bank shall also be entitled and authorised to debit the Company's Current/ Cash Credit/ Overdraft Account No. against processing fees, insurance charges and any other fees/ charges as applicable for releasing the facility;
j. In the event the Company has not submitted the no charge on asset/no dues/satisfaction of charge certificate from the existing bank within 15 days of the first disbursement, an additional interest of 2% on the outstanding amount would be charged to the Company;
k. Company is liable to be charged 4% of the total limits sanctioned in case the facilities are taken over by another Bank during the tenor of the loan. For Term Loans it would be charged on principal outstanding as on date any of the Company funds or other property which may be in, or come into, the Bank possession or control, or that of any third party acting in the Bank behalf as aforesaid, should be attached or detained or should be or become subject to any mandatory order of court or other legal process, any or all of the Company aforesaid obligations and/or liabilities shall at the Bank option become due and payable immediately, without demand or notice and full power and authority is hereby given to the Bank without intimation to the Company, to sell, assign and deliver any Security provided to the Bank and/or any other property of the Company in the possession or custody of the Bank, through any broker or at public or private sale, at the Bank option either for cash or on credit or for future delivery, without assumption of any credit risk, and without either demand, advertisement or notice of any kind, all of which are hereby expressly waived;
l. At any sale hereunder, the Bank may, in the Bank discretion, purchase the whole or any part of the property sold, free from any right of redemption on the Company part (or the Security Provider, as applicable), all such rights being also hereby waived and released;
m. In the event of any sale or other disposition of any of the property aforesaid, after deducting all costs or expenses of every kind for care, safekeeping, collection, sale, delivery or otherwise, the Bank may apply the remaining proceeds of the sale(s) or other disposition thereof, to the payment or reduction either in whole or in part towards the settlement of any or all of the aforesaid obligations and/or liabilities, whether or not then due, making proper allowance for interest on obligations or liabilities not then due, and return the surplus, if any, to the Company (or the security provider, as applicable) whose property may have yielded the surplus, all without prejudice to the Bank rights as against the Company with respect to any and all amounts which may be or remain unpaid; and
n. Exercise such other rights as may be available to the bank

For details of financial and other covenants required to be complied with in relation to our borrowings, see ***"Risk Factors No. 31 – The agreements governing our indebtedness contain conditions and restrictions on our operations, additional financing and capital structure"*** on page 56.

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

*The following discussion of our financial condition and results of operations should be read in conjunction with our "**Restated Financial Information"** on page 260.*

*This section may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "**Forward Looking Statements**" on page 31. Also read "**Risk Factors**" and "**Key Factors that may affect our Results of Operation**" on pages 33 and 337, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Unless otherwise indicated or the context otherwise requires, the restated consolidated financial information for period ending 30th September 2023 and standalone financial information for Financial Years 2023, 2022 and 2021 included herein is derived from the Restated consolidated and standalone Financial Information, included in this Draft Red Herring Prospectus, have been prepared in accordance with requirements of the Companies Act and Ind AS and restated in accordance with the SEBI Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. For further information, see "**Restated Financial Information**" on page 260. The Consolidated Restated Financial Information for period ended September 30, 2023, is not directly comparable with the Standalone Restated Financial Information for the Financial Years ended on March 31, 2023 ,2022 and 2021 since we did not have a subsidiary company in such period. The subsidiary of our Company namely "KRN HVAC Products Private Limited" was incorporated on April 07, 2023.*

Unless the context otherwise requires, in this section, references to "we", "us", "our", "the Company" or "our Company" refers to KRN Heat Exchanger and Refrigeration Limited.

OVERVIEW

Our Company was incorporated in Bhiwadi, Alwar as "**KRN HEAT EXCHANGER AND REFRIGERATION PRIVATE LIMITED,** a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated **August 25, 2017** issued by Central Registration Centre, Manesar. Thereafter, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed in the extraordinary general meeting of our Shareholders held on March 17, 2023, and consequently, the name of our Company was changed to "**KRN Heat Exchanger and Refrigeration Limited"** by deletion of the word 'Private'. A fresh certificate of incorporation consequent upon conversion from private company to public company dated **April 03, 2023**, was issued by the Registrar of Companies, Jaipur Rajasthan to our Company bearing Corporate Identification Number "**U29309RJ2017PLC058905".**

Our company manufactures fin and tube type Heat Exchangers for the Heat Ventilation Air Conditioning and Refrigeration Industry ***("HVAC&R")***. Heat Exchangers manufactured by us are made of non-ferrous metals primarily Copper and Aluminium. Our product range includes condenser coils, evaporator units, evaporator coils, header/copper parts, fluid and steam coils and sheet metal parts.

We manufacture heat exchangers of various shapes and sizes as per the requirement of the customers and / or demand in the market. The sizes of heat exchanger tubes diameter manufactured by us ranges from 5MM to 15.88 MM. Our products are well suited for wide range of air conditioning, heating and ventilation, refrigeration, and process cooling applications.

To enhance the longevity and corrosion resistance of heat exchangers and their components, various types of coatings such as nano coating, powder coating are applied to the surfaces of copper tubes, brazing joints, and fin sheets. By applying these advanced coatings to heat exchangers and their components, our products ensure that the heat exchanger operates efficiently over an extended period, reducing maintenance costs and enhancing overall performance. The protective barrier provided by these coatings ensures that the heat exchanger can withstand harsh conditions and maintain its optimal functionality.

Our products are vital for the performance of cooling appliances and have undergone stringent quality checks. Our company adheres to some of the industry's best quality product accreditations.

For further details please refer ***"Our Business"*** beginning on page 189.

SIGNIFICANT MATERIAL DEVELOPMENTS SUBSEQUENT TO THE FINANCIAL YEAR:

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, except those mentioned below, there have not arisen any circumstance that materially and adversely affect or are likely to affect the business activities or profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months except as mentioned below:

1) Incorporation of wholly owned subsidiary company namely KRN HVAC Products Private Limited on April 07, 2023.

KEY FACTORS THAT MAY AFFECT OUR RESULTS OF OPERATION

Our results of operations have been, and will be, affected by many factors, some of which are beyond our control. Our results of operations and financial conditions are affected by numerous factors including the following:

A. Ability to expand the customer base and maintain good relationship with the leading customers:

More customers are becoming more dissatisfied and impatient now a days any delays will turn out to be their greatest displeasure in life. Most of the HVAC companies are not given any other option but give all out in enhancing the efficiency and speed of their services and HVAC operations.

We focus on building sustained and long-term client relationship with our clients and constantly try to cater customer needs with products in demand. Our top 10 customers contributed to 90.58% of our total revenue from operations in 2022-23. Our long-term relationship with our customers allows us to understand and cater to their diverse requirements, including the development of new products. Our long-standing relationship with such customers acts as an endorsement of our operational and managerial capabilities and help us solicit new business from potential customers in the same industry. Since we are largely dependent on certain key customers for a significant portion of our sales, the loss of any one of our key customers or a significant reduction of demand from such

customers could have a material adverse effect on our business, financial condition, result of operations and prospectus.

B. Ability to keep satisfied strong, experienced management team and qualified work force:

One of the most demanding and challenging work is to keep satisfied your entire work force and entire management team. It's a very time-consuming process with a nonstop distribution of work assignment and planning operations. Besides, there are participating teams who also need supervision during the work, hence there is need for constant monitoring now & then.

Growth has always brought the challenges of skill shortage. The majority of HVAC enterprises will have to deal a complicated skill – shortage any time right now. With a disproportionate percentage of young people opting to attend college and pursue a degree, rather than immediately entering the work force, today's labor shortage in the skilled trades is expected to worsen and remain one of the worst threats to all developing economies for years to come.

A significant increase in our employee's attrition rate could also result in decreased operational efficiencies and productivity. Attracting and retaining experienced and qualified senior management could require increasing compensations and benefit payable to such personnel, which could affect our financial condition and results of operations.

C. Increasing competition in the industry:

The industry growth is attracting new players and the competition is becoming stiff. Service providers are the worst affected since most of them rely on brand loyalty for growth. Heat exchangers manufacturers are susceptible to the ever changing prices of raw materials ,encompassing copper ,aluminum ,steel and other metals .The prices of these raw materials are subject to volatility ,influenced by a range of factors like economic conditions ,exchange rates ,and supply conditions .Such factors can potentially exert adverse effects on manufacturers .Additionally ,these price fluctuations have the potential to trigger delays or cancellation of substantial capital projects ,there by hindering the growth of the heat exchanger market **.**

D. Changes in fiscal, economic and political condition in India:

After a healthy rebound in 2021, the global economy witnessed a recessionary situation in 2022, as growth across the major countries moderated and inflation remains sticky at record high levels in the face of aggressive monetary tightening around the world. Our results of operations are dependent on the overall economic conditions in the market in which we operate, any slowdown in these economies, including due to a global economic slowdown or changes in interest rates, government policies or taxation, social and civil unrest, pandemics and political, economic or other developments could adversely affect our business and results of operations.

All HVAC service providers have to face the challenges mentioned above. From largest to smallest HVAC businesses, everyone is dealing with the same set of problems. These top challenges are not something that can be resolved immediately. that is why it requires continuous strategic planning, wise decision making, marketing procedures and the right business mindset

KEY PERFORMANCE INDICATORS AND CERTAIN NON-GAAP MEASURES

In evaluating our business, we consider and use certain non-GAAP financial measures and key performance indicators that are presented below as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures and key performance indicators are not intended to be considered in isolation or as a substitute for the Restated Financial Information. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance. These non-GAAP financial measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP financial measures and key performance indicators have limitations as analytical tools. Further, these non-GAAP financial measures and key performance indicators may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these matrices should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

EBITDA and EBITDA Margin

EBITDA is defined as our profit/loss before tax less other income before finance cost and depreciation and amortization. Profit/loss before tax margin is defined as profit/loss before tax divided by revenue from operations. EBITDA margin is defined as our EBITDA as a percentage of revenue from operations.

The following table reconciles our profit/loss before tax (an Ind AS financial measure) to EBITDA for the periods indicated.

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31, (Standalone)		
		2023	2022	2021
Restated (loss) / profit after tax less other income.	1711.90	2990.92	847.97	148.03
Add: Total Tax Expense	799.36	1318.32	437.68	93.52
Add: Finance Costs	202.37	305.37	154.38	127.97
Add: Depreciation and amortization expenses	200.57	317.14	253.53	173.06
Earnings before interest, taxes, depreciation and amortization expenses (EBITDA)	2914.20	4931.75	1693.56	542.58
Revenue from operations	16064.24	24748.08	15611.46	7582.42
EBITDA Margin %	18.14	19.93	10.85	7.16

The following table sets forth certain key performance indicators for the periods indicated:

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (consolidated)	For the Financial Year ended March 31 (Standalone)			CAGR %
		2023	2022	2021	
Revenue from Operations	16064.24	24748.08	15611.46	7582.42	48.34
EBIDTA [(1)]	2914.20	4931.75	1693.56	542.58	108.70
EBIDTA Margin (%) [(2)]	18.14	19.93	10.85	7.16	40.67
PAT	1932.97	3231.35	1059.04	246.56	135.77

PAT Margin (%) [3]	12.03	13.06	6.78	3.25	58.98
ROE [4]	27.78%	75.94%	54.88%	23.01%	48.88
ROCE [5]	23.53%	50.46%	34.65%	15.75%	47.42

1. *EBITDA is calculated as Profit for the period/year, plus total tax expenses (consisting of current tax, deferred tax and current taxes relating to earlier years), finance costs and depreciation and amortization expenses less other income.*
2. *EBITDA Margin is calculated as EBITDA as a percentage of revenue from operations.*
3. *PAT Margin is calculated as restated PAT for the year/Period as a percentage of revenue from operations.*
4. *ROE is calculated as restated PAT for the year/Period divided by average shareholder's equity.*
5. *ROCE is calculated as EBIT divided by capital employed.*

PRESENTATION OF FINANCIAL INFORMATION

These Restated Financial Information have been compiled by the management from:

a) Audited Ind AS interim consolidated and standalone financial statements for the period ended on September 30, 2023, prepared in accordance with Ind AS notified under Companies Act, 2013 specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on December 18, 2023 and December 15, 2023.

b) Audited Ind AS interim financial statements for the year ended on March 31, 2023, prepared in accordance with Ind AS notified under Companies Act, 2013 specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on August 20, 2023.

c) Audited Ind AS financial statements as at and for the year ended March 31, 2022 prepared in accordance with Ind AS notified under Companies Act, 2013 specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors at their meeting held on September 02, 2022.

d) Audited financial statements of the Company as at and for the years ended, March 31, 2021, prepared in accordance with the accounting standards notified under the section 133 of the Act (**"Indian GAAP"**) and other accounting principles generally accepted in India, at the relevant time, which have been Audited and reported by erstwhile Statutory Auditor M/s Sharma SK & associates, Chartered Accountants, Bhiwadi. Rajasthan.

e) The financial information for the period ended September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 included in such Restated Financial Information have been prepared by the management by preparing Ind-AS financial statements wherein Ind-AS transition / restatement adjustments have been made to the audited financial statements of the Company and prepared in accordance with the Indian accounting standards as notified under Companies Act, 2013.

The optimizing policies have been consistently applied by our Company in preparation of the Restated Financial Information and are consistent with those adopted in the preparation of financial statements for the period ended on September 30, 2023 and March 31, 2023.

The Restated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI ICDR Regulations:

- Adjustments to the profits or losses of the earlier years for the changes in accounting policies if any to reflect what the profits or losses of those periods would have been if a uniform accounting policy was followed in each of these years and of material errors, if any;
- Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, retrospectively in the period ended September 30, 2023 and March 31, 2023 and for the years ended March 31, 2022, March 31, 2021 and March 31, 2020, in order to bring them in line with the groupings as per the Restated Financial Information for the period ended on September 30, 2023 and the requirements of the SEBI ICDR Regulations, if any; and
- The resultant impact of tax due to the aforesaid adjustments, if any.

SIGNIFICANT ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations is based on the Restated Financial Information. For details of significant accounting policies followed by us while preparing our financial statements, see "***Restated Financial Information***" on page *260*.

OVERVIEW OF REVENUE & EXPENDITURE

Revenue and Expenses.

Our revenue and expenses are reported in the following manner:

Total Revenue.
Our Total Revenue comprises of revenue from operations and other income.

- **Revenue from operations** – Our revenue from operations majorly comprises domestic and export sales of high-quality aluminium/copper fins and copper tubes heat exchangers, water coils, condenser and evaporator coils to renowned original equipment manufacturer (OEMs) in the Heating, ventilation, Air conditioning and refrigeration (HVAC&R) industry.

  Our Domestic and Export sales in (%) last three standalone Financial Year and consolidated stub period ended on September 30, 2023 are as under:

Particulars	FY 2020-21 standalone	FY 2021-22 standalone	FY 2022-23 standalone	For the period ended on September 30, 2023 consolidated
Domestic sales	94.64%	90.43%	88.60%	85.23%
Export sales	5.36%	9.57%	11.40%	14.77%

- **Other Income** – Our other income primarily includes income from foreign exchange rate difference, freight on sales, interest from banks and subsidies received from the state Govt.

Expenses
Our expenses comprise of cost of materials consumed, purchase of Stock-in-Trade, Changes in inventories of Finished Goods, work in progress, employee benefit expenses, finance costs, depreciation & amortization expenses and other expenses.

- **Cost of material consumed –** Cost of material consumed primarily consists of cost of procuring raw materials namely aluminum foils & sheet, copper foils & sheet, copper tube, GI & GP sheet, SS sheet and packing materials.

- **Change in inventories of Finished Goods and work in progress –** Changes in inventories of finished goods and Work in progress is calculated based on the opening stock and closing stock of Aluminum/copper fins and copper tubes heat exchangers, water coils, condenser & evaporator coils etc.

- **Employee benefit expenses –** Our employee benefit expenses mainly include Salaries and allowances, directors' remuneration, contribution to provident fund and other funds, gratuity & leave encashment and staff welfare expenses.

- **Finance costs –** Our finance costs include interest on secured and unsecured borrowings, loan processing fees and other bank charges.

- **Depreciation and amortization expenses –** Depreciation and amortization expenses majorly comprise (i) depreciation on property, plant and equipment, and (ii) on lease hold land.

- **Other expenses –** Other expenses comprise of manufacturing and service cost, administration, selling and other expenses.

OUR RESULTS OF OPERATIONS

The following table sets forth selected financial data from our Consolidated Restated Statement of profit and loss for the period ended on September 30, 2023, and Standalone Restated Statement of profit and loss for the Financial Years ended on March 31, 2023, 2022 and 2021, the components of which are also expressed as a percentage of total revenue for such periods:

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 consolidated		For the Year ended March 31, 2023 standalone		For the Year ended March 31, 2022 standalone		For the Year ended March 31, 2021 standalone	
	Amount	(%)*	Amount	(%)*	Amount	(%)*	Amount	(%)*
Revenue:								
Revenue from operations	16064.24	98.64	24748.08	99.04	15611.46	98.67	7582.42	98.72
Other income	221.07	1.36	240.43	0.96	211.07	1.33	98.53	1.28
Total Revenue	**16285.31**	**100.00**	**24988.51**	**100.00**	**15822.53**	**100.00**	**7680.95**	**100.00**
Expenses:								
Cost of materials consumed	11910.95	73.14	18490.16	73.99	12465.28	78.78	6110.16	79.55
Changes in inventories of Finished Goods, WIP and stock in trade.	(208.31)	(1.28)	(861.29)	(3.44)	(201.42)	(1.27)	(44.93)	(0.58)
Employee benefits expense	708.56	4.35	927.80	3.71	607.21	3.83	478.96	6.23
Finance costs	202.37	1.24	305.37	1.22	154.38	0.98	127.97	1.67
Depreciation and amortization expense	200.57	1.23	317.14	1.27	253.53	1.60	173.06	2.25
Other expenses	738.84	4.54	1259.66	5.04	1046.83	6.62	495.65	6.45
Total Expenses	**13552.98**	**83.22**	**20438.84**	**81.79**	**14325.81**	**90.54**	**7340.87**	**95.57**
Profit / (loss) before tax	**2732.33**	**16.78**	**4549.67**	**18.21**	**1496.72**	**9.46**	**340.08**	**4.43**
Tax Expense								
Current Tax	814.82	5.00	1325.50	5.30	433.66	2.74	77.13	1.01
Deferred tax (credit)/charge	(15.46)	(0.09)	(7.18)	(0.03)	4.02	0.03	16.39	0.21
Total Tax Expense	**799.36**	**4.91**	**1318.32**	**5.27**	**437.68**	**2.77**	**93.52**	**1.22**
Profit for the year/period	**1932.97**	**11.87**	**3231.35**	**12.94**	**1059.04**	**6.69**	**246.56**	**3.21**

** (%) column represents percentage of total revenue.*

SUMMARY ON RESULT OF OPERATIONS FROM OUR CONSOLIDATED RESTATED FINANCIAL INFORMATION OF PROFIT AND LOSS FOR THE PERIOD ENDED ON SEPTEMBER 30, 2023 AND STANDALONE RESTATED FINANCIAL INFORMATION OF PROFIT AND LOSS FOR THE FINANCIAL YEARS ENDED MARCH 31, 2023, 2022 AND 2021

Total Revenue

Total revenue comprises of revenue from operations and other income which are described below:

- **Revenue from operations –** Our revenue from operations majorly comprises domestic and export sales of high-quality aluminium/copper fins and copper tubes heat exchangers, water coils, condenser and evaporator coils to renowned original equipment manufacturer (OEMs) in the Heating, ventilation, Air conditioning and refrigeration (HVAC&R) industry.

(₹ in Lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)		For the Financial Years ended on March 31, (Standalone)					
			2023		2022		2021	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Export sales	2372.20	14.77	2820.26	11.40	1493.63	9.57	405.95	5.36
Domestic sales	13675.60	85.13	21909.86	88.53	14105.54	90.35	7176.47	94.64
Other operating revenue	16.44	0.10	17.96	0.07	12.29	0.08	0.00	0.00
Total	**16064.24**	**100%**	**24748.08**	**100.00%**	**15611.46**	**100.00%**	**7582.42**	**100.00%**

- **Other income –** The other income of our company is less than 10% of the total income of our company. Breakup of other income is set forth for the period indicated:

(₹ in lakhs)

Particulars	For the period ended September 30, 2023 (Consolidated)	For the Financial Year ended March 31, (Standalone)		
		2023	2022	2021
Subsidy receivable	46.69	80.86	52.11	26.47
Freight on sales	34.18	84.47	0.38	0.00
Duty draw back	0.04	15.80	12.69	3.86
Export duty income	-	-	3.47	-
Income from investment	-	-	16.45	-
Interest on FDR	20.64	35.41	30.08	15.34
Foreign Exchange Gain	109.74	21.90	87.65	50.30
Other income	9.78	0.67	7.04	2.56
Rent income	-	1.32	1.20	-
Total	**221.07**	**240.43**	**211.07**	**98.53**

Total Expenses

Our total expenses comprise of (i) Cost of materials consumed (ii) Purchase of stock-in-trade (iii) Changes in inventories of Finished Goods and Work in progress. (iv) Employee benefits expense, (v) Finance cost, (vi) Depreciation and Amortization expense and (vii) Other expenses.

- **Cost of material consumed –** The following table sets forth a breakdown of our cost of materials consumed for the periods indicated:

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31, (Standalone)		
		2023	2022	2021
Raw Material				
Opening Stock at the beginning of the year	4314.42	1798.13	372.49	178.48
Add: Purchases and Incidental Expenses *(Net of returns, claims/ discount, if any)*	13496.86	21006.45	13890.92	6304.17
Less: Closing Stock at the end of the year	5900.33	4314.42	1798.13	372.49
Total cost of raw materials consumed	**11910.95**	**18490.16**	**12465.28**	**6110.16**

- **Changes in inventories of Finished Goods, work in progress (WIP), stores & spares** – The following table sets forth a breakdown of changes in inventories of Finished Goods, WIP and stores & spares for the periods indicate

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31, (Standalone)		
		2023	2022	2021
Opening Stock				
Work-in-Progress	403.23	35.26	21.67	42.57
Finished Goods / Stores & spares	790.78	297.46	109.63	43.80
Total	**1194.01**	**332.72**	**131.30**	**86.37**
Closing Stock				
Work-in-Progress	(726.90)	(403.23)	(35.26)	(21.67)
Finished Goods / Stores & spares	(675.42)	(790.78)	(297.46)	(109.63)
Total	**(1402.32)**	**(1194.01)**	**(332.72)**	**(131.30)**
Changes at the end of the year.	**(208.31)**	**(861.29)**	**(201.42)**	**(44.93)**

- **Employee Benefit Expenses –** The following table sets forth a breakdown of our employee benefits expense for the periods indicated:

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31, (Standalone)		
		2023	2022	2021
Salary, wages and other benefits	629.25	824.09	531.52	395.68
Directors Remuneration	45.00	47.52	37.80	41.00
Contribution to PF & other funds	17.24	29.59	21.93	18.98
Staff Welfare Expenses	6.79	15.60	3.73	15.97
Gratuity & leave encashment (net of reversal)	10.28	11.00	12.23	7.33
Total	**708.56**	**927.80**	**607.21**	**478.96**

- **Finance Costs –** Bifurcation of finance costs is described below:

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31 (Standalone)		
		2023 standalone	2022 standalone	2021 standalone
Suppliers & others	-	-	-	04.72
Bank & Financial Charges	185.49	231.11	110.28	82.60
Loan processing fees	2.31	26.66	11.88	8.25
On unsecured loan	14.52	46.62	30.93	31.99
LC advising charges.	0.05	0.98	1.29	0.41
Total	**202.37**	**305.37**	**154.38**	**127.97**

- **Depreciation and Amortization Expenses –** Following is the bifurcation of the depreciation expense:

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31, (Standalone)		
		2023	2022	2021
Depreciation on Property, Plant and Equipment's	200.57	317.14	253.53	173.06
Total	**200.57**	**317.14**	**253.53**	**173.06**

- **Other expenses –** The following table sets forth a breakdown of our other expenses for the periods indicated:

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31 (Standalone)		
		2023	2022	2021
Manufacturing & Service Cost				
Electricity expenses	35.58	76.52	55.70	51.43
Diesel expenses	16.80	17.19	10.01	6.79
Freight & carriage inward	110.74	385.77	459.35	120.69
Import clearance expenses	109.09	176.38	108.13	62.43
Other direct expenses	42.33	83.51	81.16	40.09
Total Manufacturing & Service Cost	**314.54**	**739.37**	**714.35**	**281.43**
Administration, Selling & Other Expenses				
Auditors' remuneration	1.25	2.50	1.50	1.50
Advertisement &publicity	25.46	18.98	5.13	0.56
Business promotion expenses	_	40.23	1.48	8.81
Conveyance & travelling expenses	8.04	10.15	3.34	3.76
Fees, duties, rates & taxes	19.78	77.66	12.58	6.85
Freight outward expenses	129.05	139.46	102.37	99.35
Festival expenses	-	12.63	6.74	6.96
Insurance expenses	10.83	12.57	11.81	9.02
Office expenses	2.08	0.59	0.41	0.86
License & membership fees	-	-	-	0.59
Printing & stationery	6.72	1.58	0.33	0.32
Rent expenses	1.67	2.35	2.09	1.17
Repairs & maintenance expenses	27.94	15.80	15.21	11.36
Expected credit loss(provision for doubtful debts)	2.04	4.19	8.02	9.97
Telephone expenses	0.72	3.38	1.66	1.43
Charity & donation	0.07	3.11	0.11	1.65
Vehicle running & maintenance expenses	0.18	0.89	9.19	5.32
Other expenses.	2.58	3.76	3.53	2.48
Postage & courier expenses	6.43	9.84	9.17	3.32
Discount	89.61	100.05	55.28	10.67
Security charges	12.96	19.99	16.32	14.04
Inspection charges	-	-	-	0.60
Legal & professional charges	42.52	39.58	66.21	13.63
CSR expenditure	17.35	1.00	-	-
Loss on sale of fixed assets (lease hold land)	17.02	-	-	-

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31 (Standalone)		
		2023	2022	2021
Total Administration, selling & other expenses	424.30	520.29	332.48	214.22
Grand Total	738.84	1259.66	1046.83	495.65

Tax Expenses

Our tax expenses comprise of current tax and deferred tax.

Particulars	September 30, 2023 consolidated	FY 2022-23 standalone	FY 2021-22 standalone	FY 2020-21 standalone
Current tax.	814.82	1325.50	433.66	77.13
Deferred tax/ (Reversal)	(15.46)	(7.18)	4.02	16.39
Total	799.36	1318.32	437.68	93.52

Any significant dependence on a single or few suppliers or customers

We majorly procure our raw materials from our top 10 suppliers and have dependence on them. For further details please refer to **"Risk Factor No. 5 "We are dependent on third parties for the supply of raw materials and such providers could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition. Further our 78.76%, 78.48%, 70.07% and 78.48% of our total purchases are derived from our top 10 suppliers for the period ended September 30, 2023 and Financial Years ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively"** on page no 38.

The following is the breakup of top five and top ten customers and suppliers of our Company as on standalone basis on March 31, 2023 are as below:

(₹ in lakhs)

Particulars	Customers		Suppliers	
	Amount	% of Total Sales	Amount	% of Total Purchases
Top 5	13814.21	55.82 %	12178.82	57.98 %
Top 10	17540.09	70.87%	16486.00	78.48%

The following is the breakup of top five and top ten customers and suppliers of our Company as on standalone basis on March 31, 2022 are as below:

(₹ in lakhs)

Particulars	Customers		Suppliers	
	Amount	% of Total Sales	Amount	% of Total Purchases
Top 5	9334.00	59.79%	7277.01	52.38%
Top 10	11835.45	75.82%	9734.18	70.07%

CHANGES IN ACCOUNTING POLICIES IN LAST THREE YEARS

There is no change in significant accounting policy in the last 3 Financial Years of the company. For further details, please refer to chapter titled *"**Restated Financial Information**"* beginning on page *260*.

COMPARISION OF RESTATED STANDALONE FINANCIALS FOR THE YEAR ENDED MARCH 31, 2023 WITH FINANCIAL YEAR ENDED MARCH 31, 2022

Total Revenue:

(₹ in lakhs)

2022-23	2021-22	Variance in %

24988.51	15822.53	57.93

Our total revenue has increased by 57.93 % to ₹ 24988.51 Lakhs during Financial Year 2022-23 from ₹ 15822.53 Lakhs during Financial Year 2021-22 bifurcated into revenue from operations and other income.

Revenue from Operations

(₹ in lakhs)

2022-23	2021-22	Variance in %
24748.08	15611.46	58.52

Revenue from Operations has increased by 58.52% to ₹24748.08 Lakhs during the Financial Year 2022-23 from ₹15611.46 Lakhs during the Financial Year 2021-22. Main reasons of increase in sales are by adopting forward integration which entails venturing into the distribution and sales channels. This enables us to capture a greater share of the value chain and establish direct connections with the customers. Our Team of experts works tirelessly to ensure that our products surpass industry standards. We look forward to cater new customers and extending our reach in the global market. Our export turnover has therefore increased by 89% from Rs 1493.63 lakhs during 2021-22 to Rs 2820.26 lakhs during 2022 -23.

(₹ in Lakhs)

Category	FY 2022-23		FY 2021-2022	
	Amount	(%)	Amount	(%)
(A) Domestic sales	21909.86	88.53	14105.54	90.35
(B) Export sales	2820.26	11.40	1493.63	9.57
(C) Others	17.96	0.07	12.29	0.08
TOTAL	**24748.08**	**100.00**	**15611.46**	**100.00**

Other Income

(₹ in lakhs)

2022-2023	2021-22	Variance in %
240.43	211.07	13.91%

During the year 2022-23 the other income of our company increased to ₹ 240.43 Lakhs from ₹211.07 Lakhs in 2021-22, representing an increase of 13.91%. This was majorly due to increase in revenue from freight on sales by Rs 84.09 lakhs and more subsidy received by Rs 28.75 lakhs. This is despite less income received as foreign exchange rate difference Rs 65.75 lakhs in 2022-23.

Total Expense

(₹ in lakhs)

2022-23	2021-22	Variance in %
20438.84	14325.81	42.67

The total expenditure for the Financial Year 2022-23 was increased to ₹ 20438.84 Lakhs from ₹ 14325.81 Lakhs in 2021-22, representing an increase of 42.67 %, primarily owing to increase in cost of materials consumed by 48% and employees cost by 53%. A further description is given as under:

Cost of material consumed

(₹ in lakhs)

2022-23	2021-22	Variance in %
18490.16	12465.28	48.33

Cost of material consumed for the Financial Year 2022-23 increased to ₹18490.16 Lakhs from ₹12465.28 Lakhs in 2021-22, representing an increase of 48.33 %. This was primarily attributable to

increase in purchases of raw materials and increase in manufacturing activity on account of high demand of products in the market and maintenance of large quantity of Work in progress and finished goods stock in hand.

Changes in inventories of Finished Goods and work in progress.

(₹ in lakhs)

2022-23	2021-22	Variance in %
(861.29)	(201.42)	327.60

Inventories of Finished Goods and work in progress for the Financial Year 2022-23 increased to ₹ (861.29) Lakhs from ₹ (201.42) Lakhs in 2021-22, majorly due to optimization of inventory.

Employee benefits expenses

(₹ in lakhs)

2022-23	2021-22	Variance in %
927.80	607.21	52.80

An increase of ₹ 320.59 lakh (52.80%) in the 2022-23 from 2021-22 is mainly due to more payment of Directors remuneration ₹ 9.72 lacs, staff salary etc. ₹ 292.57 lacs and staff welfare 11.87 lacs.

Finance Cost

(₹ in lakhs)

2022-23	2021-22	Variance in %
305.37	154.38	97.80

Finance costs increased by ₹ 150.99 lakhs in 2022-23 over 2021-22, representing an increase of 97.80 %. This increase was due to more payments of interest to banks on account of more utilization of working capital limits and term loans and more interest paid on Unsecured loans due to substantial increase in business volumes.

Depreciation and Amortization expense

(₹ in lakhs)

2022-23	2021-22	Variance in %
317.14	253.53	25.08

Depreciation for the Financial Year 2022-23 stood at Rs 317.14 Lakhs as compared to Rs 253.53 Lakhs in 2021-22, showing an increase of 25.08% due to additions in tangible fixed assets during the year namely leasehold land, factory building, plant & machinery, tools & dies ,vehicles ,computers and furniture & fixtures.

Other Expense

(₹ in lakhs)

2022-23	2021-22	Variance in %
1259.66	1046.83	20.33

The company's other expenses saw an increase of 20.33%, majorly due to increase in the following heads of expenses.

(₹ in lakhs)

Particulars	2022-23	2021-22	Variance in %
Business promotion expenses	40.23	1.48	2618.24
Advertisement Expenses	18.98	5.13	269.98
Import clearance expenses	176.38	108.13	63.12
Freight outward	139.46	102.37	36.23

Festival expenses	12.63	6.74	87.39
Rate, Taxes, duties &, fees etc.	77.66	12.58	517.33
Discount	100.05	55.28	80.98
Conveyance & travelling	10.15	3.34	203.89
Diesel & electricity.	93.71	65.71	42.61

The expenses have increased partly due to increase in cost of sales and partly due to more Advertisement and business promotion expenses for promotion of more sales.

Provision for Tax and Profit after tax.

(₹ in lakhs)

Particulars	2022-23	2021-22	Variance in %
Taxation Expenses	1318.32	437.68	201.21
Profit after Tax	3231.35	1059.04	205.12

Our current and deferred tax expense have increased by 201.21 % to ₹ 1318.32 Lakhs in FY 2022-23 from ₹ 437.68 Lakhs in FY 2021-22, primarily due to increase in taxable income.

As a result of the foregoing factors, our profit after Tax for FY 2022-23 has increased to Rs 3231.35 Lakhs i.e. 205.12 % from ₹ 1059.04 Lakhs for FY 2021-22.

COMPARISION OF RESTATED STANDALONE FINANCIALS FOR THE YEAR ENDED MARCH 31, 2022, WITH FINANCIAL YEAR ENDED MARCH 31, 2021

Total Revenue:

(₹ in lakhs)

2021-22	2020-21	Variance in %
15822.53	7680.95	106.00

Our total revenue has increased by 106. % to ₹ 15822.53 Lakhs for Financial Year 2021-22 from Rs 7680.95 Lakhs during Financial Year 2020-21.

Revenue from Operations

(₹ in lakhs)

2021-22	2020-21	Variance in %
15611.46	7582.42	105.89

Revenue from Operations has increased by 105.89% to Rs 15611.46 Lakhs for Financial Year 2021-22 from Rs 7582.42 Lakhs in Financial Year 2020-21. The increase in domestic demand coupled with improvement in purchasing power of middle class and rural sector after epidemic have given boost to demand of our products.

Other Income

(₹ in lakhs)

2021-22	2020-21	Variance in %
211.07	98.53	114.22

During the year 2021-22, the other income of our company has increased Rs ₹ 211.07 Lakhs from Rs 98.53 Lakhs in 2020-21, representing an increase of 114.22%. This increase was due to more receipt of foreign exchange difference ₹ 37.35 lakh, Duty draw back ₹ 8.83 lakh, interest from bank ₹ 14.74 lakh, more receipt of subsidy ₹ 25.64 lakh and more receipt of income from investment ₹ 16.45 lakh.

Total Expense

(₹ in lakhs)

2021-22	2020-21	Variance in %
14325.81	7340.87	95.15

The total expenditure for the Financial Year 2021-22 increased to ₹ 14325.81 Lakhs from ₹ 7340.87 Lakhs in 2020-21, representing an increase of 95.15 % mainly due to increase in cost of material consumed, employees cost, finance cost, and other expenses.

Cost of material consumed

(₹ in lakhs)

2021-22	2020-21	Variance in %
12465.28	6110.16	104.00

Cost of material consumed for the Financial Year 2021-22 increased to ₹ 12465.28 Lakhs from ₹ 6110.16 Lakhs in 2020-21, representing an increase of 104 %. This was primarily due to more consumption of raw materials for producing higher volumes of finished goods to meet higher demand.

Changes in inventories of Finished Good and Work in progress.

(₹ in lakhs)

2021-22	2020-21	Variance in %
(201.42)	(44.93)	348.30%

Changes in inventories of Finished Goods and Work in progress by 348.30 % for the Financial Year 2021-22 at (201.42 lakhs) from (44.93lakhs) in 2020-21,

Employee benefits expenses

(₹ in lakhs)

2021-22	2020-21	Variance in %
607.21	478.96	26.77

Company have incurred ₹ 607.21 Lakhs as employee benefit expenses in 2021--22, as compared to ₹ 478.96 Lakhs in 2020--21, reflecting an increase of 26.77%. The increase is mainly due to more payment of salary & wages and related benefits Rs 140.74 lacs to staff and workers and less expenses incurred on workers welfare ₹ 12.24 lakhs.

Finance Cost

(₹ in lakhs)

2021-22	2020-21	Variance in %
154.38	127.97	20.64

Finance costs has increased by 20.64 % lakh mainly due to more utilization of CC limits and payment of bank charges

Depreciation and Amortization expense

(₹ in lakhs)

2021-22	2020-21	Variance in %
253.53	173.06	46.50

Depreciation for the Financial Year 2021-22 stood at ₹ 253.53 Lakhs as compared to ₹ 173.06 Lakhs in 2020-21, reflecting an increase of 46.50%. This is mainly due to addition of various items of Fixed assets e.g.. Plant & machineries, tools & dies, Vehicles, electrical installations, office equipment & computers.

Other Expense

(₹ in lakhs)

2021-22	2020-21	Variance in %
1046.83	495.65	111.20

Other expenses of the company have increased by 111.20 % to ₹ 1046.83 mainly due to increase in the expense under following heads:

(₹ in lakhs)

Particulars	2021-22	2020-21	Variance in %
Freight inward	459.35	120.69	280.60
Import clearance expenses.	108.13	62.43	73.20
Other direct expenses	81.16	40.09	102.44
Advertisement Expenses	5.13	0.56	816.07
Vehicle running expenses	9.19	5.32	72.74
Postage & courier expenses	9.17	3.32	176.20
Discount	55.28	10.67	418.09
Legal & professional charges	66.21	13.63	385.76
Rates & Taxes	12.58	6.85	83.65

Provision for Tax and Profit after Tax

(₹ in lakhs)

Particulars	2021-22	2020-21	Variance in %
Taxation Expenses	437.68	93.52	368.01
Profit after Tax	1059.04	246.56	329.53

Taxable income of the company has increased which has resulted to more payment of Income tax which has increased by 368.01 % to ₹ 437.68 lakhs in the Financial Year 2021-22 and increase in Profit after Tax.

LIQUIDITY AND CAPITAL RESOURCES

We have historically financed the expansion of our business and operations primarily through debt financing and funds generated from our operations. From time to time, we obtained loan facilities to finance our short-term working capital requirements.

CASH FLOW

The table below summaries our cash flows from our Restated Financial Information for the period ended sept 30 ,2023, Financial Year ended March 31, 2023, 2022 and 2021:

(₹ in lakhs)

Particulars	For the period ended on September 30, 2023 (Consolidated)	For the Financial Year ended March 31 (Standalone)		
		2022-23	2021-22	2020-21
Net cash generated from / (used in) operating activities	(637.24)	507.25	448.35	(133.11)
Net cash generated from / (used in) Investing Activities	(306.18)	(1398.69)	(271.69)	(1296.61)
Net cash generated from / (used in) from financing activities	655.89	1101.09	338.37	937.48
Net Increase / (decrease) in Cash & Cash Equivalents	(287.53)	209.65	515.03	(492.24)
Cash and cash equivalents at the beginning of the year	745.70	536.05	21.02	513.26
Cash and cash equivalents at the end of the year	458.17	745.70	536.05	21.02

OPERATING ACTIVITIES

Period ended on September 30, 2023 (Consolidated)

Our net cash used from operating activities was ₹ (637.24) lacs for the period ended sept,30 ,2023. Our operating profit before working capital changes was ₹ 3116.29 lakhs which was primarily adjusted for increase in inventories by ₹ 1794 .22 lakhs, increase in trade receivables ₹ 362.28 lakhs, Changes in other financial assets ₹ 19.31 lakhs, changes in other current assets ₹ 1343.99 lakhs, changes in other bank balance ₹ 130.72 lakhs and changes in current liabilities ₹ 104.16 lakhs. This was significantly offset by change in trade payables ₹ 534.26 lakhs, changes in other current tax assets ₹ 247.90 lakhs and changes in short term provision ₹ 27.47 lakhs. The cash generated from operations has also been adjusted for tax paid ₹ 814.82 lakhs.

Financial Year 2022-23 (Standalone)

Our net cash generated from operating activities was ₹ 507.25 Lakhs for the Financial Year 2022-23. Our operating profit before working capital changes was ₹ 5136.99 Lakhs which was primarily adjusted for increase in inventories by ₹ 3377.58 Lakhs, increase in Trade receivables ₹ 886.81 lakhs, changes in current tax assets ₹ 287.57 lakhs, changes in current liabilities ₹ 148.32 lakhs, and changes in current tax liabilities ₹ 63.99 lakhs. This was significantly offset by change in Other Current Asset ₹ 433.11 Lakhs, change in Trade Payables by ₹ 921.07 Lakhs, changes in other bank balances ₹ 77.64 lakhs and changes in Short-term provisions ₹ 29.08 lakhs. The cash generated from operations has also been adjusted for tax paid of ₹ 1325.50 Lakhs.

Financial Year 2021-22 (Standalone)

Our net cash generated from operating activities was ₹ 448.35 Lakhs for the Financial Year 2021-22. Our operating profit before working capital changes was ₹ 1874.51 Lakhs which was primarily adjusted for increase in inventories by ₹ 1583.37, increase in Trade receivables ₹ 1227.37 lakhs, increase in other current assets ₹ 199.79 lakhs and increase in other bank balances Rs 262 lakhs. Lakhs. This was significantly offset by changes in Trade payables Rs 1879.04, changes in current liabilities ₹ 268.72 lakhs, changes in other current tax liabilities ₹ 63.99 lakhs, changes in other current tax assets ₹ 41.92 lakhs. The cash generated from operations has also been adjusted for taxed paid of ₹ 433.66 Lakhs.

Financial Year 2020-21 (Standalone)

Our net cash used from operating activities was ₹ (133.11) Lakhs for the Financial Year 2020-21. Our operating profit before working capital changes was ₹ 651.34 Lakhs which was primarily adjusted for increase in inventories by Rs 190.91 lakhs, increase in Trade receivables by Rs 474.59 lakhs, increase in other bank balances Rs 620.64 lakh, decrease in short term provisions Rs 65.37 lakhs, increase in current tax assets Rs 41.92 lakhs and decrease in current liabilities Rs 77.99 lakhs. This was offset by changes in other current assets Rs 325.86 lakhs and changes in trade payables Rs 429.91 lakhs. The cash generation was adjusted for tax paid Rs 77.13 lakhs.

INVESTING ACTIVITIES

Period ended on September 30 ,2023 (Consolidated)

Net cash used in investing activities was ₹ (306.18 lakhs) for the period ended on September 30, 2023. This was primarily on account of change in capital work In progress ₹ 335.25 and interest received was ₹ 20.64 lakhs.

Financial Year 2022-23 (Standalone)

Net cash used in investing activities was ₹ (1398.69) lakhs for the Financial Year 2022-23. This was primarily on account of purchases of fixed assets ₹ 1399.88 lakhs and increase in Other Financial Asset by ₹ 34.22 Lakhs. which was slightly offset by ₹ 35.41 lakhs on account of interest received.

Financial Year 2021-22 (Standalone)

Net cash used in investing activities was ₹ (271.69) lakhs for the Financial Year 2021-22. This was primarily on account of purchase of fixed assets amounting to ₹ 257.11 Lakhs, increase in other financial assets by Rs 33.66 lakhs and changes in other non-current assets by ₹ 11.00 lakhs, which was

slightly offset by ₹ 30.08 lakhs on account of interest received.

Financial Year 2020-21

Standalone
Net cash used in investing activities was ₹ (1296.61) Lakhs for the Financial Year 2020-21. This was primarily on account of purchase of fixed assets amounting to ₹ 1308.79 Lakhs and changes in other financial assets ₹ 3.16 Lakhs. Which was slightly offset by ₹ 15.34 lakhs on account of interest received.

FINANCING ACTIVITIES

Period ended sept,30 2023
Consolidated
Net cash generated from financing activities for the period ended sept 30 ,2023 was ₹ 655.89 lakhs which was primarily due to changes in short term borrowings ₹ 948.73 lakhs which was offset by change in long term borrowing ₹ 96.12 lakhs and payment of interest ₹ 202.37 lakhs.

Financial Year 2022-23
standalone
Net cash generated from financing activities for the Financial Year 2022-23 was ₹ 1101.09 lakhs. This was primarily on account of increase in long term borrowings ₹ 553.27 lakhs and increase in short term borrowings ₹ 898.95 lakhs. This was slightly offset by change is short term loans & advances ₹ 45.76 lakhs and payment of interest and finance charges Rs 305.37 lakhs.

Financial Year 2021-22
standalone
Net cash generated from financing activities for the Financial Year 2021-22 was ₹ 338.37 Lakhs. This was primarily on account of increase in short term borrowings Rs 525.80 lakhs and increase in long term borrowings ₹ 21.40 lakhs This was slightly offset by changes in short term loans and advances ₹ 54.45 lakhs and payment of interest and finance charges ₹ 154.38 lakhs.

Financial Year 2020-21
standalone
Net cash generated from financing activities for the Financial Year 2020-21 was ₹ 937.48 lakhs. This was primarily on account of increase in long-term borrowing ₹ 540.12 lakhs and increase in short term borrowings ₹ 525.85 lakhs. This was offset by payment of interest and finance charges ₹ 127.97 lakhs.

FINANCIAL INDEBTEDNESS

As on **November 30, 2023** our company has total outstanding of secured borrowings from banks aggregating to **₹ 4,407.48 Lakhs** in the ordinary course of business.

CONTINGENT LIABILITIES

Disclosure of contingent liability is made when there is possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of amount cannot be made.

Company has contingent liability and capital commitments are as under:

(₹ in lakhs)

Other monies for which our Company is contingently liable	As at September 30, 2023*
Indirect Tax Demand	146.84
Direct Tax Demand	8.69

Under EPCG/Advance Authorization Import Duty Benefit receive from DGFT not considered as liability until it fulfils its export obligations	509.53
Total	**665.06**

OFF-BALANCE SHEET ITEMS

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

CAPITAL EXPENDITURE

Our capital expenditures under the head Non-Current Assets includes expenditures on plant and machinery, Leasehold land, computers, furniture and fixtures, office equipment, Tools & dies, factory Shed / building, electrical installation, solar plant installation, and vehicles.

The following table sets out the capital expenditure (addition to property, plant and equipment) for the periods indicated:

(₹ in lakhs)

Particulars	**For the period ended on September 30, 2023 (Consolidated)**	**For the year ended March 31 (Standalone)**		
		2022-23	**2021-22**	**2020-21**
Solar plant	-	-	-	147.13
Electric Equipment's	0.38	10.51	20.21	7.29
Building	-	125.53	8.47	225.86
Computers	7.00	15.16	9.85	4.52
Office equipment's	4.20	17.66	18.30	8.39
Furniture & Fixtures	-	3.36	3.86	2.81
Vehicles	-	16.59	91.66	2.17
Plant & Machinery	77.56	451.12	70.60	581.24
Tools & dies	24.18	245.84	33.32	170.70
Lease Hold Land	60.79	514.11	0.84	232.98
TOTAL	**174.11**	**1399.88**	**257.11**	**1383.09**

RELATED PARTY TRANSACTIONS

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relate to remuneration, salary, Short Term Borrowing, share capital, Loan taken & given, Interest on loan, purchase & sales of goods, Investments etc. For further details of such related parties under Ind AS-24, refer chapter titled *"**Restated Financial Information**"* beginning on page *260*.

CHANGES IN ACCOUNTING POLICIES IN LAST THREE YEARS

There is no change in significant accounting policies in the last 3 Financial Years of the company. For further details, please refer to chapter titled *"**Restated Financial Information**"* beginning on page *260*.

QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Credit Risk

Credit risk is the risk of financial loss to the Company, if a customer or the counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and from its investing activities, including deposits with banks. The carrying amounts of financial assets represent the maximum credit risk exposure.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Our Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Our working capital is sufficient to meet our current requirements.

Market Risks

We are exposed to various types of market risks during the normal course of business. Market risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Effect of Inflation

In recent years, India has experienced relatively high rates of inflation. While inflation had no any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us

Unusual or infrequent events or transactions

Except as described in this Draft Red Herring Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.

Other than as disclosed in the section titled "***Risk Factors***" beginning on page 33 to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future changes in relationship between costs and revenues

Other than as described in chapter titled "***Risk Factors***" beginning on page *33* and in this section, to our knowledge there are no known factors that might affect the future relationship between cost and revenue. Our Company's future costs and revenues will be determined by demand/ supply situation, climate conditions, government policies, global market situation and prices of our Raw-material.

New Products or Business Segments

Other than as described elsewhere in this Red Herring Prospectus, there are no new products or business segments in which we operate.

Significant economic changes that materially affected or are likely to affect income from continuing operations.
Indian rules and regulations as well as the overall growth of Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

Other than as described in the section titled "***Risk Factors"*** beginning on page *33*, to our knowledge there are no significant economic changes that materially affects or are likely to affect income of our Company from continuing operations.

The extent to which material increases in net sales or revenue are due to better product quality and increase in number of customers
Increase in revenue is by and large linked to increases in volume of business activity by the Company.

Total turnover each Major Industry Segment
Total turnover of our Company is generated from only one Industry segment.

Reservations, qualifications and adverse remarks
Except as disclosed in chapter titled *"**Restated Financial Information**"* beginning on page *260*, there have been no reservations, qualifications and adverse remarks.

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution
Except as disclosed in chapter titled *"**Restated Financial Information**"* beginning on page *260*, there have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company.

Material Frauds
There are no material frauds, as reported by our statutory auditor, committed against our Company, in the last three Financial Years.

Status of any publicly announced new products / projects or business segments
Our Company has not announced any new projects or business segments, other than disclosed in the Draft Red Herring Prospectus. For details of our new projects or business segments please refer to the chapter titled *"**Our Business**"* beginning on page *189*.

Increase in income
Increases in our income are due to the factors described above in this chapter under ***"Key Factors that may affect our Results of Operation"*** and chapter titled ***"Risk Factors"*** beginning on page *337* and *33*, respectively.

Any significant dependence on a single or few suppliers or customers
We majorly procure our raw materials and finished goods from our top 10 third party supplier and have dependence from them. For further details, please see ***"Risk Factors"*** on Page 33.

The following is the breakup of top five and top ten customers and suppliers of our Company as on march 31, 2023 are as below:

(₹ in lakhs)

Particulars	Customers		Suppliers	
	Amount	% of Total Sales	Amount	% of Total Purchases
Top 5	13814.21	55.82 %	12178.82	57.98 %
Top 10	17540.09	70.87%	16486.00	78.48%

The following is the breakup of top five and top ten customers and suppliers of our Company as on March 31, 2022 are as below:

(₹ in lakhs)

Particulars	Customers		Suppliers	
	Amount	% of Total Sales	Amount	% of Total Purchases
Top 5	9334.00	59.79%	7277.01	52.38%
Top 10	11835.45	75.82%	9734.18	70.07%

Competitive Conditions

We face competition from existing and potential organized and unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled "***Our Business***" beginning on page *189*.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding (i) criminal proceedings involving our Company, Subsidiaries, Directors, Promoters, or Group Companies **("Relevant Parties")**; (ii) actions by statutory or regulatory authorities involving the Relevant Parties; (iii) outstanding claims relating to direct and indirect taxes involving the Relevant Parties; and (iv) other pending litigation involving the Relevant Parties as determined to be material by our Board pursuant to the Materiality Policy (as disclosed herein below). Further, except as stated in this section, there are no disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years including any outstanding action.

For the purposes of (iv) above in terms of Materiality Policy adopted by a resolution of our Board dated **August 07, 2023**, pending litigation would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of Rs. 5,00,000/- and where the amount is not quantifiable, such pending cases are material from the perspective of the Company's business, operations, prospects or reputation.

For the purposes of the above, pre-litigation notices received by the Relevant Parties or from third parties (excluding those notices issued by statutory or regulatory or taxation authorities or notices threatening criminal action) have not and shall not, unless otherwise decided by our Board, be considered material until such time that any of the Relevant Parties, as the case may be, is impleaded as a defendant in litigation before any judicial or arbitral forum.

Further, in accordance with the Materiality Policy, our Company has considered such creditors 'material' to whom the amount due is in excess of Rs. 5,00,000/-.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined in a particular litigation disclosure below are for that particular litigation only.

LITIGATION INVOLVING OUR COMPANY

LITIGATION AGAINST OUR COMPANY

A. *Outstanding criminal proceedings*
NIL

B. Actions initiated by regulatory or statutory authorities
NIL

C. Outstanding material civil litigation
NIL

LITIGATION BY OUR COMPANY

A. *Outstanding criminal proceedings*
NIL

B. *Outstanding material litigation*
NIL

LITIGATION INVOLVING OUR PROMOTERS

LITIGATION AGAINST OUR PROMOTERS

A. *Outstanding criminal proceedings*
NIL

B. *Actions initiated by regulatory or statutory authorities*
NIL

C. *Disciplinary action including penalty imposed by SEBI or stock exchanges against the promoters in last 5 Financial Years including outstanding action:*
NIL

D. *Outstanding material litigation*

(i) M/s Micro Coils and Refrigeration (P) Ltd. Vs. Mr. Santosh Kumar Yadav and Others [F.A.O. 13 of 2019 and CM APPL No. 1221 of 2019]

An appeal is filed against our Promotor and Managing Director Santosh Kumar Yadav ("Respondent") by M/s Micro Coils Refrigeration Pvt. Ltd ("Appellant") under Section 37 of the Arbitration and Conciliation Act, 1996 ("Arbitration Act") against the order dated September 12, 2018, by the Additional District Judge, South West, Dwarka, New Delhi whereby the ARBT No. 9560/2018 filed by the Appellant against the Respondent under Section 9 of the Arbitration Act was dismissed for having no territorial jurisdiction to entertain the petition. The issue was that the Respondent was an additional director in the Appellant company, however, the Respondent decided to resign from the said position. The directors of the Appellant company and the Respondent signed a memorandum of understanding ("MOU") dated August 8, 2017, which prohibited the Respondent from soliciting any of the Appellant's suppliers or clients, or encourage or attempt to encourage to quit any directors, officers, executives or employees of the Appellant. The Appellant claims that the Respondent has solicited one of the Appellant's customers and appointed him as a director in his own company named M/s KRN Heat Exchanger and Refrigeration Private Limited, alleging that it was a pre-planned criminal conspiracy which caused wrongful loss to Appellant company. The application was to seek restraint order against the Respondent for breach of MOU thereby directing the Respondent not to contact any of the employees, staff as well as clients/customers of Appellant and not to influence them in any manner in order to cause any harm or loss to the Appellant. Aggrieved by the order dated September 12, 2018 in ARBT No. 9560/2018 dismissing the application of the Appellant, the present appeal has been filed. The matter is currently pending for adjudication.

(ii) M/s Advent Trading Pvt Ltd vs. Mrs. Anju Devi [CS/300/2018]

The case was filed by Advent Trading Pvt Ltd ("Plaintiff") against our Promotor and Director, Mrs. Anju Devi and Mr. Santosh Kumar Yadav ("Defendants") under the Code of Civil Procedure, 1908, before the District and Sessions Judge, Karkardooma, North-East Delhi regarding the non-recovery of loan of Rs. 15,00,000/- advanced by the Plaintiff to Mrs. Anju Devi with our Director, Mr. Santosh Kumar Yadav being the guarantor. the Defendants repaid a sum of Rs. 1,00,000/- to the Plaintiff. Hence, the Plaintiff filed a suit for the recovery of an outstanding loan amount of Rs 14,00,000/- along with interest @15% p.a. However, since there was no privity of contract between the Plaintiff and Mr. Santosh Kumar Yadav, the court was of the opinion that Mr. Santosh Kumar Yadav was not a necessary party to the present suit. Hence, his name was deleted from the array of parties. Regardless, the suit

against Mrs. Anju Devi is currently pending.

LITIGATION BY OUR PROMOTERS

A. Outstanding criminal proceedings
NIL

B. Outstanding material litigation

Shri Manoj Kapoor and Others vs Mr. Santosh Kumar Yadav [Review Pet. 42/2023]

The review petition was filed before the Hon'ble High Court of Delhi, by our Promoter and Managing Director, Mr. Santosh Kumar Yadav ("Respondent") under Section 114 read with Order XLVII Rule 1 Civil Procedure Code, being aggrieved by the Arbitration Petition No. 579/2020, filed by Shri Manoj Kapoor and others ("Petitioners"). Further, Interlocutory application bearing number I.A. 2570/2023 and I.A. 2571/2023 has been filed along with the review petition by the Respondent for condonation of delay in filing. The Arbitration Petition bearing no. 579/2020 was filed by the Petitioners seeking appointment of an arbitrator to arbitrate on a matter in relation to breach of a memorandum of understanding ("MOU") between the parties, regarding prohibiting the Respondent from soliciting any of the Petitioners' company's suppliers or clients or encourage or attempt to encourage to quit any directors, officers, executives, or employees of the Petitioners' company. The Hon'ble High Court vide order dated August 30, 2022 referred the parties to arbitration under the aegis of the Delhi International Arbitration Centre, New Delhi (DIAC). However, the Respondent in this review petition claims that the MOU in which the arbitration agreement is contained, in particular the clause that bars the Respondent from contacting or encouraging anyone associated with the Petitioners' company, is void, being in violation of Section 27 of the Indian Contract Act, 1872 and due to non-disclosure of material facts before the Hon'ble High Court. Also, an earlier petition (ARBT No. 9560/2018) filed by the Petitioners under Section 9 of the Arbitration & Conciliation Act, 1996 had already been dismissed. Hence, the Respondent in this review petition has prayed to set aside the order passed by the Hon'ble High Court in Arbitration Petition No. 579/2020. This review petition along with the interlocutory applications are currently pending.

LITIGATION INVOLVING OUR DIRECTORS (OTHER THAN PROMOTERS)

LITIGATION AGAINST OUR DIRECTORS (OTHER THAN PROMOTERS)

A. Outstanding criminal proceedings
NIL

B. Actions initiated by regulatory or statutory authorities
NIL

C. Outstanding material litigation
NIL

LITIGATION BY OUR DIRECTORS (OTHER THAN PROMOTERS)

A. Outstanding criminal proceedings
NIL

B. Outstanding material litigation

Bheem Singh Vs. ALD Infratech Private Limited and Another [Cr. Reg. Case/178/2018]

A case has been filed by our Independent Director, Mr. Bheem Singh Yadav against ALD Infratech Private Limited and its director under Section 138 of Negotiable Instrument Act, 1881 and Section 420 of Indian Penal Code before the Hon'ble Court, Behror, Alwar in relation to dishonor of cheques of Rs. 5,83,151/- dated 31.10.2016 and of Rs. 5,75,028/- dated 30.11.2016 issued in favour of Bheem Singh Yadav. The matter is currently pending for adjudication.

OUTSTANDING LITIGATION INVOLVING OUR GROUP COMPANY AND SUBSIDIARY COMPANY WHICH HAS A MATERIAL IMPACT ON OUR COMPANY

LITIGATION AGAINST OUR GROUP COMPANY

A. Outstanding criminal proceedings
NIL

B. Actions initiated by regulatory or statutory authorities:
NIL

C. *Outstanding material litigation*
NIL

LITIGATION BY OUR GROUP COMPANY

A. *Outstanding criminal proceedings*
NIL

B. *Outstanding material litigation*
NIL

LITIGATION AGAINST OUR SUBSIDIARY COMPANY

A. Outstanding criminal proceedings
NIL

B. Actions initiated by regulatory or statutory authorities:
NIL

C. *Outstanding material litigation*
NIL

LITIGATION BY OUR SUBSIDIARY COMPANY

A. Outstanding criminal proceedings
NIL

B. Outstanding material litigation
NIL

TAX PROCEEDINGS

COMPANY

Type of Proceedings	Number of Cases	Amount* (₹ in Lakhs)
Direct Tax	2	8.15**
Indirect Tax	1***	-
Total	**3**	**8.15**

**To the extent quantifiable and ascertainable.*

***Amount does not include unquantifiable demand with respect to proposed adjustment in income of Rs. 6,194/- for the A.Y. 2023-24 under Section 143(1) of the Income Tax Act, 1961.*

****The Company is in receipt of intimation in the Form GST DRC-01C with respect to difference in input tax credit availed in GSTR-3B and available as per GSTR-2B for the period September 2023 amounting to Rs. 1,46,83,606.30/-. The Company has furnished reply against such intimation. However, no show cause notice has been issued in respect of said matter under the provisions of the CGST Act.*

The Summary of the tax Proceedings against the Company are as under:

S. No.	Type of Proceeding	Assessment Year	Section	Name of authority	Summary of case	Demand Involved (Amount in ₹)
1	Direct Tax	2021-22	Section 143(1)(a)	Commissioner (Appeals)	Disallowance of expenditure amounting to Rs. 26,61,198/-in audit report but not taken into account in the Return of Income.	8,14,844/-
2	Direct Tax	2023-24	Section 143(1)(a)	Assessing Officer	Disallowance of expenditure amounting to Rs. 6,194/- in audit report but not taken into account in the ROI.	Amount not ascertainable.
3	Indirect Tax	September 2023	-	-	Intimation in Form GST DRC-01C with respect to difference in ITC availed in Form GSTR-3B and available as per Form GSTR-2B for the period September 2023 amounting to Rs.	-

					1,46,83,606.30/-. The Company has furnished reply against such intimation. However, no show cause notice has been issued in respect of said matter under the provisions of the CGST Act.	

PROMOTERS

Type of Proceedings	Number of Cases	Amount* (₹ in Lakhs)
Direct Tax	-	-
Indirect Tax	-	-
Total	**-**	**-**

DIRECTORS (OTHER THAN PROMOTERS)

Type of Proceedings	Number of Cases	Amount* (₹ in Lakhs)
Direct Tax	-	-
Indirect Tax	-	-
Total	**-**	**-**

SUBSIDIARY

Direct Tax Proceedings
Nil

Indirect Tax Proceedings
Nil

GROUP COMPANY

Direct Tax Proceedings
Nil

Indirect Tax Proceedings
Nil

OUTSTANDING DUES TO CREDITORS

In accordance with our Company's materiality policy, creditors to whom an amount exceeding ₹ 5,00,000/- were considered 'material' creditors. Based on this criterion, details of outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at **September 30, 2023** by our Company, are set out below:

(Amount in Lakhs)

S. No	Particulars	Number of	Balance as on

		Creditors	September 30, 2023
1.	Total Outstanding dues to Micro, Small & Medium Enterprises (Amount exceeding ₹ 5.00 Lakhs)	21	355.72
2.	Total Outstanding dues to creditors other than Micro, Small & Medium Enterprises (Amount exceeding ₹ 5.00 Lakhs)	37	4,960.98
Total		**58**	**5,316.70**

MATERIAL DEVELOPMENTS

Except as stated in ***"Management's Discussion and Analysis of Financial Condition and Results of Operation"*** on page 336, there have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 (Twelve) months.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein, we have obtained all material consents, licenses, registrations, permissions and approvals from various governmental, statutory and regulatory authorities, which are necessary for undertaking the current business activities and operations of our Company. Except as disclosed below, no further approvals are material for carrying on the present business operations of our Company. In the event any of the approvals and licenses that are required for our business operations expire in the ordinary course, we make applications for their renewal from time to time.

Our Company has a Subsidiary named "KRN HVAC Products Private Limited" as on the date of this Draft Red Herring Prospectus.

*For details in connection with the regulatory and legal framework within which our Company operates, see "**Key Regulations and Policies**" on page 216.*

APPROVALS IN RELATION TO THE ISSUE

For details, see "***Other Regulatory and Statutory Disclosures - Authority for the Issue***" on page *372*.

I. INCORPORATION RELATED APPROVALS

S. No.	Details of Registration/ Certificate	Registration No./ Reference No./ License No.	Applicable Laws	Issuing Authority	Date of Issue	Date of Expiry
1.	Certificate of Incorporation as "**KRN Heat Exchanger and Refrigeration Private Limited**"	U29309RJ2017PTC058905	Companies Act, 2013	Central Registration Centre, Manesar	25.08.2017	03.04.2023
2.	Certificate of Incorporation as "**KRN Heat Exchanger and Refrigeration Limited**"	U29309RJ2017PLC058905	Companies Act, 2013	Registrar of Companies, Jaipur, Rajasthan	03.04.2023	Valid till cancelled

II. APPROVALS IN RELATION TO OUR BUSINESS OPERATIONS

(a) Registrations under employment laws

S. No.	Details of Registration/ Certificate	Issuing Authority	Registration No./ Reference No./ License No.	Date of Issue/ Renewal	Date of Expiry
1.	Registration under Employees' State Insurance	Regional Office, Employees' State Insurance Corporation, Jaipur.	15000597900000699	18.07.2018	Valid till cancelled
2.	Registration under Employee Provident Fund	Employees Provident Fund Organisation	RJRAJ1749445000	18.07.2018	Valid till cancelled
3.	Registration under Apprenticeship Portal	Ministry of Skill Development and Entrepreneurship	E01200800002	04.01.2020	Valid till cancelled
4.	Approval of factory building drawings for Plot F 46 to 49, EPIP, Neemrana, Alwar- 301705	Chief Inspector of Factories and Boilers Rajasthan, Jaipur	P-49621/CIFB/2023	22.09.2023	Valid till cancelled
5.	Registration & Licence to Work a Factory for Plot F 46 to 49, EPIP, Neemrana, Alwar- 301705	Chief Inspector of Factories and Boilers, Rajasthan, Jaipur.	RJ/32525	25.11.2023	31.03.2027
6.	Certificate of structural stability	Goyal N Associates,	GNA-080(Rev-	27.11.2023	Valid till

S. No.	Details of Registration/ Certificate	Issuing Authority	Registration No./ Reference No./ License No.	Date of Issue/ Renewal	Date of Expiry
	for Plot F 46 to 49, EPIP, Neemrana, Alwar- 301705	Alwar, Rajasthan	01)/Amd		cancelled
7.	Approval of factory building drawings for Plot F 44, EPIP, Neemrana, Alwar- 301705	Deputy Chief Inspector of Factories and Boilers, Alwar, Rajasthan	P – 49890/CIFB/2023	29.12.2023	Valid till cancelled
8.	Registration & License to Work a Factory for Plot F 44, EPIP, Neemrana, Alwar- 301705	Chief Inspector of Factories and Boilers, Rajasthan, Jaipur	RJ/35787	04.01.2024	31.03.2028
9.	Certificate of structural stability for Plot F 44, EPIP, Neemrana, Alwar- 301705	Goyal N Associates, Alwar, Rajasthan	GNA-092	05.01.2024	Valid till cancelled
10.	Labour Identification Number	Ministry of Labour & Employment, Government of India	1-9904-9310-3	24.07.2018	Valid till cancelled
11.	Certificate of Registration under Contract Labour (Regulation and Abolition) Act, 1970	Department of Labour, Government of Rajasthan	CLPE/2019/2/132598	20.05.2019	Valid till cancelled
12.	Registration as a principal employer under Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979	Inspector, Inter-State Migrant Workmen (RE & CS) Act, 1979 (Principal Employer), Rajasthan	ISMWP/2023/2/132545	27.10.2023	Valid till cancelled

(b) Environmental Approvals

S. No.	Details of Registration/ Certificate	Issuing Authority	Registration No./ Reference No./ License No.	Date of Issue/ Renewal	Date of Expiry
1.	Consent to Establish for Plot F 46 to 49, EPIP, Neemrana, Alwar-301705	Rajasthan State Pollution Control Board	2021-2022/HDF/3400	27.07.2021	31.12.2025
2.	Consent to Operate for Plot F 46 to 49, EPIP, Neemrana, Alwar-301705	Rajasthan State Pollution Control Board	2021-2022/HDF/3401	27.07.2021	31.01.2026
3.	Acknowledgement of Consent to establish for Plot F 44, EPIP, Neemrana, Alwar- 301705	Rajasthan Pollution Control Board	2023-2024/Alwar/12392	07.11.2023	06.11.2028
4.	Consent to establish in respect of expansion (Plot 46, 47, 48 and 49, EPIP RIICO, Neemrana, Alwar, Rajasthan)	Rajasthan Pollution Control Board	2023-2024/HDF/12417	28.12.2023	30.11.2028
5.	Consent to Operate establish in respect of expansion (Plot 46, 47, 48 and 49, EPIP RIICO, Neemrana, Alwar, Rajasthan)	Rajasthan Pollution Control Board	2023-2024/HDF/12416	28.12.2023	31.08.2028

(c) Foreign Trade Related Approvals

S. No.	Details of Registration/ Certificate/	Issuing Authority	Registration No./ Reference No./ License No.	Date of Issue/ Renewal	Date of Expiry
1.	Importer-Exporter Code Certificate (IEC)	Office of the Joint Director General of Foreign Trade, Ministry of Commerce and Industry,	AAGCK7380J	24.10.2017	Valid till cancelled

		Government of India			
2.	Authorization under Zero Duty EPCG Scheme	Office of the Joint Director General of Foreign Trade, Jaipur	1331001463	20.09.2022	20.09.2028

(d) Tax Related Approvals

S. No	Nature of Registration/License	Registration/ License No.	Applicable Laws	Issuing Authority	Date of Expiry
1.	Permanent Account Number (PAN)	AAGCK7380J	Income Tax Act, 1961	Income Tax Department	Valid till cancelled
Tax Deduction Account Number					
2.	TAN (Tax Deduction Account Number)	JPRK05200G	Income Tax Act, 1961	Income Tax Department	Valid till cancelled
Goods and Services Tax					
3.	GST Registration	08AAGCK7380J 1Z2	Central Goods and Services Tax Act, 2017 and Rajasthan Goods and Services Tax Act, 2017	Government of India	Valid till cancelled

(e) Other Approvals

S. No.	Details of Registration / Certificate	Issuing Authority	Registration No./ Reference No./ License No.	Date of Issue/ Renewal	Date of Expiry
1.	Business Registration Number for Plot F 46 to 49, EPIP, Neemrana, Alwar- 301705	Directorate of Economics & Statistics, Rajasthan	0718140000000003	04.01.2018	Valid till cancelled
2.	Business Registration Number for Plot F 44, EPIP, Neemrana, Alwar- 301705	Directorate of Economics & Statistics, Rajasthan	0718540000000023	05.12.2023	Valid till cancelled
3.	Udyam Registration	Ministry of Micro, Small and Medium Enterprises	UDYAM-RJ-02-0001832	11.09.2020	Valid till cancelled
4.	Fire NOC for Plot F 46-49, EPIP, Neemrana, Alwar- 301705	Nagar Palika, Neemrana	LSG/NEEMRANA/FIRENOC/2023-24/24617	29.12.2023	29.12.2024
5.	Fire NOC for Plot F 44, EPIP, Neemrana, Alwar- 301705	Nagar Palika, Neemrana	LSG/NEEMRANA/FIRENOC/2023-24/24385	29.12.2023	29.12.2024
6.	Permission of Self-Sealing of containers	Office of the Commissioner of Customs, Jodhpur	VIII(H)48/CT/SSP-Jaipur/22/2019/Part/5685	21.08.2019	Valid till cancelled
7.	Certificate for Commencement of production for its Plot F 48 and 49, EPIP, Neemrana, Alwar-301705	Rajasthan State Industrial Development & Investment Corporation Ltd (RIICO)	U(28)-3/2018-2019/5270	12.12.2018	Valid till cancelled
8.	Certificate for Commencement of production for its Plot F 46 and 47, EPIP, Neemrana, Alwar-301705	Rajasthan State Industrial Development & Investment Corporation Ltd (RIICO)	4444	10.02.2023	Valid till cancelled
9.	Certificate for Commencement of production for its Plot F 44, EPIP, Neemrana, Alwar-301705	Rajasthan State Industrial Development & Investment Corporation Ltd (RIICO)	4565	23.02.2023	Valid till cancelled
10.	Periodical Inspection Report	Electrical Inspector,	EI/Bharatpur/F105/	13.04.2023	March,

S. No.	Details of Registration / Certificate	Issuing Authority	Registration No./ Reference No./ License No.	Date of Issue/ Renewal	Date of Expiry
	under Regulation 32 of CEA (Measures relating to safety and Electric Supply) Regulation, 2010	Bharatpur (Office of the Electrical Inspector, Government of Rajasthan)	D		2028
11.	Occupancy cum completion certificate for its Plot F 44, EPIP, Neemrana, Alwar-301705	Rajasthan State Industrial Development & Investment Corporation Ltd (RIICO)	2563	04.10.2023	Valid till cancelled
12.	Occupancy cum Completion certificate for its Plot F 46 and 47, EPIP, Neemrana, Alwar-301705	Rajasthan State Industrial Development & Investment Corporation Ltd (RIICO)	2565	04.10.2023	Valid till cancelled
13.	Occupancy cum Completion certificate for its Plot F 48 and 49, EPIP, Neemrana, Alwar-301705	Rajasthan State Industrial Development & Investment Corporation Ltd (RIICO)	2564	04.10.2023	Valid till cancelled
14.	Periodical inspection report under regulation 20/32/43 of Central Electricity Authority (Measures relating to safety and electric supply) Regulations, 2010 (Installation of voltage above 650 V)	Electrical Inspectorate, Assistant Electrical inspector, Behror, Alwar	Not available	13.10.2023	March 2028

(f) Certifications and Memberships

S. No.	Nature of Certification/Issuing Authority	Registration/ License No.	Issuing Authority	Date of Expiry
Certification				
1.	BIS Product Certification licence as per IS 11329: 2018	8400168514	Bureau of Indian Standards.	18.10.2024
2.	Conformity Certificate in respect of heat exchanger	2215001	SZUTEST	29.05.2025
3.	ISO 9001: 2015 for Manufacturing of heat exchanger (Fin and tube type) condenser coils, Evaporator coils, Refrigeration unit, Condensing unit, Sheet metal parts and copper fittings	IN/14506103/2104	ICV Assessments Pvt. Ltd	10.10.2025
4.	ISO 14001:2015 for Manufacturing of heat exchanger (Fin and tube type) condenser coils, Evaporator coils, Refrigeration unit, Condensing unit, Sheet metal parts and copper fittings	IN/17016104/5560	ICV Assessments Pvt. Ltd	10.10.2025
5.	ISO 45001:2018 for Manufacturing of heat exchanger (Fin and tube type) condenser coils, Evaporator coils, Refrigeration unit, Condensing unit, Sheet metal parts and copper fittings	IN/78016105/2104	ICV Assessments Pvt. Ltd	10.10.2025
6.	Certificate of Compliance	UL-US-2141932-0	UL LCC	Valid till cancelled
7.	Certificate of Compliance	UL-US-2140355-0	UL LCC	Valid till cancelled
8.	Certificate of Compliance	UL-US-2141923-0	UL LCC	Valid till cancelled

9.	BS EN ISO 13134 for approved brazing procedure	Not available	TUV Rheinland (India) Pvt Ltd	Valid till cancelled
Membership				
10.	Registration cum membership certificate	101/M29782/2022-23	Engineering Export Promotion Council (EEPC India)	31.03.2024

III. MATERIAL APPROVALS WHICH HAVE BEEN APPLIED FOR AND ARE CURRENTLY PENDING

S. No.	Nature of Registration/Approval		Date of Application/ Application number
1.	Environmental Approvals	Authorisation under Hazardous & others Waste (Management & Transboundary Movement) Rules, 2016	359128
		Application for Consent to Operate for Plot No F-44 EPIP, RIICO Industrial Area, Neemrana Raj, Alwar- 301705	357825

IV. MATERIAL APPROVALS FOR WHICH NO FRESH OR RENEWAL APPLICATIONS HAVE BEEN MADE

S. No.	Nature of Registration/Approval	
1.	Environmental Approvals	Registration under E-Waste (Management) Rules, 2022

V. Intellectual Property Related Approvals

(a) Trademarks

Our Company has made applications for the registration of the following trademarks:

S. No.	Trademark	Class	Application Number	Date of Application	Status	Applicant Name
1.	KRN Heat Exchangers 	11	4905919	15.03.2021	Registered	KRN Heat Exchanger and Refrigeration Private Limited

(b) Domain Name

Our Company has domain name 'krnheatexchanger.com', and 'krnheatexchangers.com' registered under its name.

VI. APPROVALS OBTAINED BY OUR MATERIAL SUBSIDIARIES IN RELATION TO THEIR RESPECTIVE BUSINESS

Our Material Subsidiaries require certain approvals, licenses and/ or registrations under various laws, rules and regulations applicable in each of their respective jurisdictions. Except as stated below, Our Material Subsidiaries have obtained material approvals, licenses and registrations from appropriate regulatory and governing authorities required to operate their respective businesses in relevant jurisdictions. Certain approvals, licenses and registrations may have lapsed in their ordinary course and our Material Subsidiaries have either made applications to the appropriate authorities in the relevant jurisdictions for renewal of such licenses and/ or approvals or are in the process of making such applications.

VII. MATERIAL LICENSES/APPROVALS FOR WHICH OUR MATERIAL SUBSIDIARIES HAVE APPLIED FOR

NIL

VIII. MATERIAL LICENSES / APPROVALS FOR WHICH OUR MATERIAL SUBSIDIARIES ARE YET TO APPLY FOR

S. No.	Approval For	Authority	Application Date	Approval date	Stage at which approvals are required	Status
1.	Submission and approval of building layout plan, approval to construct, extend or take into use any building as a factory	Chief-Inspector Factories & Boilers (Jaipur)	To be applied	NA	With Factories License before commissioning	Pending
2.	Registration of Property, Approval of building layout, Completion Certificate, Occupancy Certificate, Rain Water Harvesting Certificate	RIICO Authorities (Neemrana)	To be applied	NA	After Construction and in due business course	Pending
3.	Consent to establish, Consent to Operate	RSPCB, Jaipur	To be applied	NA	Before commissioning	Pending
4.	Sanction of electrical load	JVVNL, Rajasthan	To be applied	NA	Before commissioning	Pending
5.	Factory License	Industrial Department	To be applied	NA	Before commissioning	Pending
6.	Standing Orders	Labour Commissioner, Jaipur	To be applied	NA	After commissioning	Pending
7.	Fire NOC	Municipality, Behror	To be applied	NA	Before commissioning	Pending
8.	Licence under Contract labour abolition Act	Department of Labour	To be applied	NA	After commissioning	Pending

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

Our Issue has been authorized by Our Board pursuant to a board resolution passed at its meeting held on **August 07, 2023** and the issue has also been authorized by a special resolution passed by our shareholders at an Extra Ordinary General Meeting held on **August 11, 2023**.

Our Board has approved the Draft Red Herring Prospectus pursuant to its resolution dated **January 16, 2024.**

IN PRINCIPLE APPROVAL FROM THE STOCK EXCHANGE

Our Company has received In-Principal approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated **[●]** and **[●]**, respectively.

PROHIBITION BY SEBI, RBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, our Promoters, our directors and the members of the Promoter Group and the persons in control of our Promoters or our Company are not prohibited from accessing or operating the capital markets and are not debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

Our Company, our Promoters or our Directors have neither been declared as Wilful Defaulters nor as Fraudulent Borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the RBI.

COMPLIANCE WITH THE COMPANIES (SIGNIFICANT BENEFICIAL OWNERSHIP) RULES, 2018

Our Company, our Promoters, the members of the Promoter Group are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, in relation to the Company, to the extent in force and applicable, as on the date of this Draft Red Herring Prospectus.

DIRECTORS ASSOCIATED WITH THE SECURITIES MARKET

We confirm that none of our directors are, in any manner, associated with the securities market except for trading on day-to-day basis for the purpose of investment and there is no outstanding action initiated by SEBI against any of our directors in the five years preceding the date of this Draft Red Herring Prospectus.

ELIGIBILITY FOR THE ISSUE

Our Company is eligible for the Issue in accordance with Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has had net tangible assets of at least ₹ 300 Lakh, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has an average operating profit of at least ₹ 1,500 Lakh, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company has a net worth of at least ₹100 Lakh in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and

- Our Company has not changed its name in the last one year, other than the deletion of word "Private" from the name of our Company pursuant to conversion to a public limited company. Our Company has not undertaken any new activity pursuant to such change in name.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, average operating profits and net worth, derived from the Restated Financial Statements included in this Draft Red Herring Prospectus for the period ended on September 30, 2023 and for the last three Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021 are set forth below:

(₹ *in lakh, unless otherwise stated*)

Particulars	For the Period ended on September 30, 2023 (Consolidated)	As at and for the Financial Years ended on (Standalone)		
		March 31, 2023	March 31, 2022	March 31, 2021
Net tangible assets, as restated[1]	18,177.58	14,875.91	9,279.19	5,239.53
Monetary assets, as restated[2]	5,622.00	5,416.53	4,397.71	2,393.31
Monetary assets, as a percentage of net tangible assets, as restated	30.93%	36.41%	47.39%	45.68%
Operating Profit, as restated[3]	2,308.89	4,003.87	1,131.27	113.58
Net worth, as restated[4]	7,957.08	5,957.01	2,553.15	1,306.02

1. Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Ind AS 38, deferred tax assets as defined in Ind AS 12 and Right of Use of Asset as defined in Ind AS 116, as per the Indian Accounting Standards (Ind AS) issued by the Institute of Chartered Accountants of India.

2 'Monetary assets' is the aggregate of cash in hand, balance with bank in current and deposit account and trade receivables.

3 'Operating profit' has been calculated as restated profit before finance costs, other income, exceptional item and tax expenses, each on a restated basis.

4 'Net worth' means the aggregate value of the paid-up share capital of our Company and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account, as per the restated statement of assets and liabilities of our Company in the Restated Financial Information.

Our Company has operating profits in the period ended on September 30, 2023 and in the each of Financial Years 2023, 2022 and 2021 in terms of our Consolidated and Standalone Restated Financial Information.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable. Further, our Company confirms that it is not ineligible to make the Issue in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable.

The details of our compliance with Regulation 5 and Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, are as follows:

(a) None of our Company, our Promoters, members of our Promoter Group, our Directors are debarred from accessing the capital markets by SEBI.

(b) None of our Promoters or our Directors are associated as promoters or directors of companies which are debarred from accessing the capital markets by SEBI.

(c) None of our Company, our Promoters or Directors is a Wilful Defaulter or a Fraudulent Borrower.

(d) None of our Promoters or Directors has been declared a Fugitive Economic Offender in accordance with the Fugitive Economic Offenders Act, 2018.

(e) There are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of the Company as on the date of this Draft Red Herring Prospectus.

(f) Our Company along with the Registrar to our Company, have entered into tripartite agreements, dated June 07, 2023 with NSDL and CDSL, for dematerialization of the Equity Shares;

(g) The Equity Shares of our Company held by the Promoters are in the dematerialized form; and

(h) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, HOLANI CONSULTANTS PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 16, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

Note:
All legal requirements pertaining to the Issue are complied with at the time of filing/registration of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Issue will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

DISCLAIMER CLAUSE OF BSE

"BSE Limited ("the Exchange") has given vide its letter dated [●], permission to this company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's

securities are proposed to be listed. The Exchanges has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

a) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
b) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
c) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or any scheme or project of this Company

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever"

DISCLAIMER CLAUSE OF NSE

"As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: [●] dated [●], permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

DISCLAIMER FROM OUR COMPANY, OUR DIRECTORS AND THE BRLM

Our Company, our directors, and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website, www.krnheatexchanger.com, or the website of any affiliate of our Company and its Group Company, would be doing so at his or her own risk.

All information shall be made available by our Company and the BRLM to the applicants and public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at collection centres or elsewhere.

None among our company or any member of the Syndicate is liable for any failure in (i) Uploading the

bids due to faults in any software/hardware system or otherwise, or (ii) the blocking of the bid amount in the ASBA account on receipt of instructions from the Sponsor bank on the account of any errors, omissions or non-compliance by various parties involve, or any other fault, malfunctioning, breakdown or otherwise, in the UPI mechanism.

Note:

Prospective investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, Underwriters, BRLM and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

The BRLM and their associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for, our Company, our Promoters, members of the Promoter Group, and their respective directors and officers, group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, its directors, the Promoters, officers, agents, and their respective group company, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

DISCLAIMER IN RESPECT OF JURISDICTION

Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in Alwar, Rajasthan only.

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, state industrial development corporations, permitted insurance companies registered with IRDAI, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, permitted provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by the army and navy or air force of Union of India and insurance funds set up and managed by the Department of Posts, India, systemically important NBFCs registered with the RBI and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe the Equity Shares in the Issue in any jurisdiction, including India. Invitations to subscribe the Equity Shares in the Issue will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Issue, which comprises the Red Herring Prospectus and the preliminary international wrap for the Issue, if the recipient is outside India. No person outside India is eligible to apply for Equity Shares in the Issue unless that person has received the preliminary offering memorandum for the Issue, which contains the selling restrictions for the Issue outside India.

Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions.

Neither the delivery of this Draft Red Herring Prospectus or any offer for sale thereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date thereof or that the information contained herein is correct as of any time subsequent to this date.

ELIGIBILITY AND TRANSFER RESTRICTIONS

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable law of the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only (a) to persons in the United States who are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("Rule 144A") and referred to in this Prospectus as "U.S. QIBs" and, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Prospectus as QIBs) in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act in reliance on Rule 144A and (b) outside the United States in "offshore transactions" (as defined in Regulation S) in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made, by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of this Issue, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Issue) may violate the registration requirements of the U.S. Securities Act unless made pursuant to Rule 144A or Regulation S under the U.S. Securities Act or another available exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with applicable state securities laws in the United States.

The Equity Shares are being offered:

i. in the United States to U.S. QIBs, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act in reliance on Rule 144A; and

ii. outside the United States in "offshore transactions" in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur;

and in each case to investors who are deemed to have made the representations set forth immediately below.

Equity Shares offered and sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to this Issue within the United States, by its acceptance of the Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company and the BRLM that it has received a copy of the Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares offered pursuant to this Issue have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a U.S. QIB with respect to which it exercises sole investment discretion;

4. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

5. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or (ii) in an "offshore transaction" complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until our Company determines, in its sole discretion, to remove them;

6. the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;

7. the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

8. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares or any "general solicitation" or "general advertising" (as defined in Regulation D under the U.S. Securities Act) in the United States in connection with any offer or sale of the Equity Shares;

9. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THIS EQUITY SHARES REPRESENTED HEREBY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A TO A U.S. QIB THAT IS ACQUIRING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A U.S. QIB, (2) IN AN "OFFSHORE TRANSACTION" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT (AND

NOT IN A PRE-ARRANGED TRANSACTION RESULTING IN THE RESALE OF SUCH SECURITY IN THE UNITED STATES), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

10. the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

11. the purchaser acknowledges that our Company, the BRLM, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company and the BRLM, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All Other Equity Shares offered and Sold in this Issue

Each purchaser that is acquiring the Equity Shares sold pursuant to this Issue outside the United States, by a declaration included in the Bid cum Application Form and its acceptance of this Draft Red Herring Prospectus and of the Equity Shares sold pursuant to this Issue, will be deemed to have acknowledged, represented to and agreed with the Company and the BRLM that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to this Issue in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares issued pursuant to this Issue have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser is purchasing the Equity Shares issued pursuant to this Issue in an "offshore transaction" meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

4. the purchaser is not purchasing the Equity Shares as a result of any "directed selling efforts" (as such term is defined in Rule 902 of Regulation S under the U.S. Securities Act);

5. the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares issued pursuant to this Issue, was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated, and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein any person in the United States;

6. the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

7. if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the

beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or (ii) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

8. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

9. the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless our Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

   THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, OR (2) IN AN "OFFSHORE TRANSACTION" AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

10. the purchaser agrees, upon a proposed transfer of the Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Equity Shares being sold;

11. the Company will not recognize any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

12. the purchaser acknowledges that our Company, the BRLM, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company and the BRLM, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

The Company, the BRLM and their affiliates, and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

Bidders were advised to ensure that any Bid from them would not have exceeded the investment limits or the maximum number of Equity Shares that could be held by them under applicable law. Further, each Bidder where required agreed in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security,

other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

LISTING

The Equity Shares offered pursuant to the Red Herring Prospectus and the Prospectus are proposed to be listed on BSE and NSE. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalized. Applications will be made to BSE and NSE for obtaining their permission for the listing and trading of the Equity Shares.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within three Working Days from the Issue Closing Date or within such other period as may be prescribed.

If our Company does not Allot the Equity Shares within such time as prescribed by SEBI/ three Working Days from the Issue Closing Date or within such timeline as prescribed by SEBI, all amounts received in the Public Issue Accounts will be transferred to the Refund Account and it shall be utilised to repay, without interest, all monies received from Applicants, failing which interest shall be due to be paid to the Applicants as prescribed under applicable law.

CONSENTS

Consents in writing of each of Our Directors, our Company Secretary and Compliance Officer, our Previous Statutory Auditors, the Independent Chartered Accountant, legal counsel to the Company, Banker to our Company, the Book Running Lead Manager, the Registrar to the Issue, and D&B Research have been obtained; and consents in writing of the Syndicate Members, Public Issue Account Bank, Sponsor Banks, Escrow Collection Bank(s) and Refund Bank(s) to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of filing of the Red Herring Prospectus with the RoC.

EXPERT OPINION

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

Our Company has received written consent dated **April 20, 2023** from M/s Keyur Shah & Co., Chartered Accountants to include their name as required under the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of their examination report, dated **December 19, 2023** on our Restated Financial Information, and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "expert" and consent thereof shall not be construed to mean an "expert" or consent as defined under the U.S. Securities Act.

Our Company has also received written consent dated **April 20, 2023** from M/s Keyur Shah & Co., Chartered Accountants to include their name as required under the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus and as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of their report dated **December 19, 2023** on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

In addition, our Company has received written consent dated **January 01, 2024** from **Goyal N Associates**, as chartered engineer to include his name under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under the Companies Act, 2013 in respect of his certificate dated **January 01, 2024** on the Company's manufacturing capacity and its utilization at certain manufacturing facilities, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

PREVIOUS RIGHTS AND PUBLIC ISSUES DURING THE LAST FIVE YEARS

We have not made any previous rights and/or public issues during the last five (5) years and are an "**Unlisted Issuer**" in terms of the SEBI (ICDR) Regulations and this Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations.

COMMISSION AND BROKERAGE PAID ON PREVIOUS ISSUES OF OUR EQUITY SHARES IN LAST FIVE YEARS

Since this is the Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

DETAILS OF PUBLIC/RIGHTS ISSUES BY LISTED GROUP COMPANIES, SUBSIDIARIES AND ASSOCIATE IN THE LAST THREE YEARS

Neither our Company, any of our Group Company, Subsidiaries or Associate have undertaken any capital issue or any public nor rights issue in the last three years nor listed or have made any application for listing on any stock exchange in India or overseas preceding date of filing this Draft Red Herring Prospectus.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION PAID ON PREVIOUS ISSUES OF THE EQUITY SHARES IN THE LAST FIVE YEARS

Since this is the Initial Public Offer of Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in since incorporation.

CAPITAL ISSUE DURING THE PREVIOUS THREE YEARS BY OUR COMPANY AND/OR LISTED GROUP COMPANIES OF OUR COMPANY

For details in relation to the capital issuances by our Company since incorporation, see "***Capital Structure - Notes to the Capital Structure***" on page 96.

PERFORMACE VIS-À-VIS OBJECTS - PUBLIC/ RIGHTS ISSUE OF OUR COMPANY

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, and this issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Our Company has not made any public or rights issue (as defined under the SEBI ICDR Regulations) during the five years preceding the date of this Draft Red Herring Prospectus. Therefore, data regarding promise versus performance is not applicable to us.

PERFORMANCE VIS-À-VIS OBJECTS – PUBLIC/ RIGHTS ISSUE OF THE LISTED PROMOTERS/LISTED SUBSIDIARIES OF OUR COMPANY

As on the date of this Draft Red Herring Prospectus, our Company does not have any listed subsidiaries. Further, as on the date of this Prospectus, our Company does not have a corporate promoter.

PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BRLMS

(a) **Holani Consultants Private Limited**, our BRLM, has been issued a certificate of registration dated 31st January 2018 by SEBI as Merchant Banker Category 1 with registration no. **INM000012467**. Given below is the statement on price information of past issues handled by Holani Consultants Private Limited.

TABLE 1: PRICE INFORMATION OF PAST ISSUES HANDLED BY HOLANI CONSULTANTS PRIVATE LIMITED (*during the current Financial and two Financial preceding the current Financial*)

S. No.	Issuer Name and Type of the Issue	Issue Size (₹ in Lakhs)	Issue Price (₹)	Listing Date	Opening Price on listing date	+/-% change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
A.	**Main Board Issue**							
1.	Motisons Jewellers Limited	15,109.05	55/-	December 26, 2023	109.00/-	N.A.	N.A.	N.A.
B.	**SME Issue**							
1.	Network People Services Technologies Limited	1,369.60/-	80/-	August 10, 2021	83.95/-	-13.04% [6.69%]	-19.00% [9.88%]	-13.04% [7.59%]
2.	Cool Caps Industries Limited	1162.80/-	38/-	March 24, 2022	35.90/-	74.09% [-0.29%]	192.90% [-10.51%]	409.75 [3.45%]
3.	Insolation Energy Limited	2,216.16/-	38/-	October 10, 2022	76.10/-	77.20% [5.25%]	40.00% [3.29%]	246.00% [3.18%]
4.	Shera Energy Limited	3,520.32/-	57/-	February 17, 2023	64.10/-	-9.81% [-4.70%]	69.39% [1.32%]	65.08% [8.48%]
5.	Infollion Research Services Limited	2,145.12	82/-	June 08, 2023	209.00/-	-6.25% [3.74%]	-2.64% [5.24%]	43.97% [11.92%]
6.	Goyal Salt Limited	1,862.76	38/-	October 11, 2023	130.00/-	24.21% [-1.95%]	26.67% [8.75%]	N.A.

Sources: All the shares price data is from: www.nseindia.com and www.bseindia.com

TABLE 2: SUMMARY STATEMENT OF DISCLOSURE

Financial Year	Total no. of IPO	Total amount of funds raised (₹ in Lakhs)	No. of IPOs trading at discount- 30 th calendar days from listing			No. of IPOs trading at premium- 30th calendar days from listing			No. of IPOs trading at discount- 180th calendar days from listing			No. of IPOs trading at premium- 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2020-21	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2021-22	2$	2,532.40	Nil	Nil	1	1	Nil	Nil	Nil	Nil	1	1	Nil	Nil
2022-23	2$$	5,736.48	Nil	Nil	1	1	Nil	Nil	Nil	Nil	Nil	2	Nil	Nil
2023-24	3$$$	19,116.93	Nil	Nil	1	Nil	Nil	1	Nil	Nil	Nil	Nil	1	Nil

$The Scrip of Network People Services Technologies Limited got listed on August 10, 2021.
$The Scrip of Cool Caps Industries Limited got listed on March 24, 2022.
$$ The Scrip of Insolation Energy Limited got listed on October 10, 2022.
$$ The Scrip of Shera Energy Limited got listed on February 17, 2023.
$$$ The Scrip of Infollion Research Services Limited got listed on June 08, 2023.
$$$ The Scrip of Goyal Salt Limited got listed on October 11, 2023.
$$$ The Scrip of Motisons Jewellers Limited got listed on December 26, 2023.

Note:

1) *Benchmark Index considered as Sensex 30 Index and Nifty 50 Index.*
2) *Prices on NSE/BSE are considered for all of the above calculations.*
3) *In case 30th/90th/180th day is a holiday, closing price on NSE/BSE of the previous trading day has been considered.*
4) *In case 30th/90th/180th day, scrips are not traded then closing price on NSE/BSE of the previous trading day has been considered.*
5) *Designated Stock Exchange as disclosed at the time of the Issue are considered for disclosing the price information, as applicable.*

STOCK MARKET DATA OF EQUITY SHARES

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

MECHANISM FOR INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least eight years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances other than that of Anchor Investors, in relation to the Bidding process may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of RIBs applying through the UPI Mechanism. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

Anchor Investors are required to address all grievances in relation to the Issue to the BRLM.

Our Company, the BRLM and the Registrar to the Issue accept no responsibility for errors, omissions, commission of any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact our Company Secretary and Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

In terms of SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular dated March 16, 2021 as amended by SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and (SEBI/HO/CFD/DIL2/CIR/P/2022/51) dated April 20, 2022 in the event of (i) delayed unblock for cancelled/withdrawn/deleted applications; (ii) blocking of multiple amounts for the same Bid made through UPI Mechanism; (iii) blocking of more amount than the Bid Amount; (iv) delayed unblocking of amounts for non-Allotted/partially-Allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the BRLM SCSB shall compensate the investors at the rate higher of ₹ 100 per day or 15% per annum of the Bid Amount for the period of such delay. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock. Further, in terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the Book Running Lead Manager, and such application shall be made only after (i) unblocking of Bid Amounts for each

Bid received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB. Further, in terms of the SEBI Master Circular SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023, issued to the Registrar to an Issue and the Share Transfer Agents, provides that the registration granted to such share transfer agents shall be for the principal as well as for all the branch offices in India of the Registrar to an Issue, and shall be declared in its application for obtaining such registration.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLM and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of the Designated Intermediaries including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- Issue or post- Issue related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Our Company has constituted Stakeholders Relationship Committee to redress complaints of shareholders of our Company. The Stakeholders' Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on August 07, 2023. For further details on the Committees, see the chapter "***Our Management-Committees of our Board-Stakeholders Relationship Committee***" on page 245.

Our Company has appointed Mr. Praveen Kumar as the Company Secretary and Compliance Officer to redress the complaints, if any, of the investors participating in the Issue. See the chapter "***General Information***" on page 87.

Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

STATUS OF INVESTOR COMPLAINTS

We confirm that we have not received any investor complaint during the three (3) years preceding the date of this Draft Red Herring Prospectus and hence there are no pending investor complaints as on the date of this Draft Red Herring Prospectus.

DISPOSAL OF INVESTOR GRIEVANCES BY LISTED COMPANIES UNDER THE SAME MANAGEMENT AS THE COMPANY

Our Company has no listed subsidiary or group company as on the date of this Draft Red Herring Prospectus.

DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be Seven (7) Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

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

Our Company has not sought any exemption under Regulation 300 of the SEBI ICDR Regulations.

OTHER CONFIRMATIONS

Any person connected with the Issue shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any person for making an application in the initial public offer, except for fees or commission for services rendered in relation to the Issue.

SECTION VII - ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued , Allotted and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the MoA, AoA, SEBI Listing Regulations, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Issue.

THE ISSUE

The Issue is a fresh Issue (Including Pre-IPO Placement) of Equity Shares by our Company. The entire Issue – related expenses shall be borne by our Company only. For further information, on the Issue – related expenses, see the chapter titled *"**Objects of the Issue**"* on page 108.

RANKING OF EQUITY SHARES

The Equity Shares being issued /Allotted and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend, voting and other corporate benefits. For further details, see the chapter titled ***"Description of Equity Shares and Terms of the Articles of Association"*** on page 426.

MODE OF PAYMENT OF DIVIDEND

Our Company shall pay dividend, if declared, to our Equity Shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directions that may be issued by the Government in this regard. Dividends, if any declared by our Company after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares in this Issue, for the entire year, in accordance with the applicable laws. For more information, see the chapters titled *"**Dividend Policy**"* and ***"Description of Equity Shares and Terms of the Articles of Association"*** beginning on pages 259 and 426, respectively.

FACE VALUE, ISSUE PRICE, FLOOR PRICE AND PRICE BAND

The face value of each Equity Share is ₹ 10/- and the Issue Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM, and advertised in all editions of [●], the English national newspaper, all editions of [●], the Hindi national newspaper and [●] editions of [●], the Regional newspaper, (Hindi being the local language of Rajasthan, where our registered and corporate office is situated), each with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios

calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges. At any given point of time, there shall be only one denomination for the Equity Shares.

COMPLIANCE WITH DISCLOSURE AND ACCOUNTING NORMS

Our Company shall comply with all disclosure and accounting norms specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable law, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability of their Equity Shares, subject to applicable laws including and RBI rules and regulations; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act 2013, the terms of the SEBI Listing Regulations and our Memorandum of Association and Articles of Association and other applicable laws.

For a detailed description of the main provisions of our Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission, consolidation and splitting, see the chapter titled ***"Description of Equity Shares and Terms of the Articles of Association"*** beginning on page 426.

MARKET LOT AND TRADING LOT AND ALLOTMENT OF SECURITIES IN DEMATERIALISED FORM

In terms of Section 29 of the Companies Act 2013, and the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialized form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, tripartite agreements had been signed among the Company, the respective Depositories and the Registrar to the Issue:

- Tripartite agreement dated June 07, 2023 amongst our Company, NSDL and the Registrar to the Issue;
- Tripartite agreement dated June 07, 2023 amongst our Company, CDSL and the Registrar to the Issue.

Our Company's Equity Share bear ISIN no. **INE0Q3J01015**.

Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in the Issue will be only in electronic form in multiples of one Equity Shares, subject to a minimum Allotment of [●] Equity Shares. For further details, see the chapter titled ***"Issue Procedure"*** beginning on page [●].

JOINT HOLDERS

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

NOMINATION FACILITY TO INVESTORS

In accordance with Section 72 of the Companies Act 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest to the exclusion of the other persons, unless the nomination is varied or cancelled in the prescribed manner.

A person, being a nominee, entitled to the Equity by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during minority.

A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the holder of the Equity Share(s) who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered and Corporate Office or to the registrar and transfer agents of our Company.
Further, any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act 2013, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.
Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder would prevail. If Bidders want to change their nomination, they are requested to inform their respective Depository Participant. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

BID/ ISSUE PROGRAMME

BID/ISSUE OPENS ON	[●][(1)]
BID/ ISSUE CLOSES ON	[●][(2)(3)]

[(1)] Our Company in consultation with the BRLM, may consider participation by Anchor Investors. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI ICDR Regulations.
[(2)] Our Company in consultation with the BRLM may, consider closing the Bid/Issue Period for QIBs one

day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations
(3)UPI mandate end time and date shall be at 5.00 pm on [●].

An indicative timetable in respect of the Issue is set out below:

Event	Indicative Date
Bid/Issue Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/ unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to depository accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

**In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in Stock Exchanges bidding platform until the date on which the amounts are unblocked; (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Bidder shall be compensated at a uniform rate ₹100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Bid Amount, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Bids, exceeding four Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Bid/ Issue Closing Date by the SCSB responsible for causing such delay in unblocking. The post Issue BRLM shall be liable for compensating the Bidder at a uniform rate of ₹100 per day or 15% per annum of the Bid Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs, to the extent applicable.*

The above timetable, other than the Bid/Issue Closing Date, is indicative and does not constitute any obligation or liability on our Company or the BRLM.

In terms of the UPI Circulars, in relation to the Issue, the BRLM will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within three Working Days from the Bid/ Issue Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within three Working Days of the Bid/Issue Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Issue Period by our Company in consultation with the BRLM, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the Issue procedure is subject to change to any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Issue Period (except the Bid/Issue Closing Date)	
Submission and revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")
Bid/Issue Closing Date*	
Submission and revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

**UPI mandate end time and date shall be at 5.00 pm on [●]*

On the Bid/Issue Closing Date, the Bids shall be uploaded until:

(i) In case of Bids by QIBs and Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded by 4.00 p.m. IST, and

(ii) In case of Bids by Retail Individual Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by RIBs.

On Bid/Issue Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders, after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchanges.

The Registrar to the Issue shall submit the details of cancelled/withdrawn/deleted applications to the SCSBs on daily basis within 60 minutes of the Bid closure time from the Bid/ Issue Opening Date till the Bid/Issue Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLM and the RTA on a daily basis, as per the format prescribed in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Issue Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only during Working days.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

Our Company in consultation with the Book Running Lead Manager, reserves the right to revise the Price Band during the Bid/Issue Period in accordance with the SEBI ICDR Regulations. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, but the Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price, provided that the Cap Price shall be atleast 105% of the Floor Price.

In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with BRLM, for reasons to be recorded in writing, extend the Bid/Issue Period for a minimum of three Working Days, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the BRLM and at the terminals of the Syndicate Members and by intimation to Self-Certified Syndicate Banks ("SCSBs"), other Designated Intermediaries and the Sponsor Bank, as applicable.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

PERIOD OF OPERATION OF SUBSCRIPTION LIST

For details please refer to *"Terms of the Issue"* on page 388.

MINIMUM SUBSCRIPTION

If our Company does not receive the minimum subscription in the Issue as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid/ Issue Closing Date on the date of closure of the Issue or; the minimum subscription of 90% of the fresh Issue on the date of closure of the Issue; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the Issue document, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and our Directors, who are officers in default, shall pay interest at the rate of 15% per annum.

In the event of an undersubscription in the Issue, after meeting the minimum subscription requirement of 90% of the Issue, the balance subscription in the Issue will be met through the issuance of balance part of the Issue.

Undersubscription, if any, in any category except the QIB portion, would be met with spill-over from the other categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

ARRANGEMENTS FOR DISPOSAL OF ODD LOTS

Since our Equity Shares will be traded in dematerialized form only and the market lot for our Equity Shares will be one Equity Share. Henceforth, no arrangements for disposal of odd lots are required.

RESTRICTION, IF ANY, ON TRANSFER AND TRANSMISSION OF EQUITY SHARES

Except for lock-in of the pre-Issue capital of our Company, lock-in of the Promoter's minimum contribution under the SEBI ICDR Regulations and the Anchor Investor lock-in as provided in the chapter titled **"*Capital Structure*"** on page 96, and except as provided in the Articles of Association as detailed in ***"Description of Equity Shares and Terms of the Articles of Association"*** on page 426, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting. Further, there are no restrictions on transmission of any shares of our Company and on their consolidation or splitting, except as provided in the Articles of Association.

NEW FINANCIAL INSTRUMENTS

Our Company is not issuing any new financial instruments through this Issue.

ISSUE STRUCTURE

The Issue of upto 1,93,05,000 Equity Shares for cash at price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating upto ₹ [●] Lakh. The Issue shall constitute [●] %, of the post-Issue paid-up Equity Share capital of our Company.

Our Company may, in consultation with the BRLM, consider a Pre-IPO Placement of upto 4,77,990 Equity Shares for cash consideration aggregating up to ₹ [●] lakhs, at its discretion, prior to filing of the Red Herring Prospectus with the ROC. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Issue, subject to compliance with Rule 19(2)(b) of the SCRR and the proceeds of the Pre-IPO Placement shall be utilized towards General Corporate Purpose. Details of the Pre-IPO Placement, if undertaken, shall be included in the Red Herring Prospectus.

The Issue is being made through the Book Building Process.

The Face value of the Equity Shares is ₹ 10/- each.

Particulars	QIBs [(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ Allocation [(2)]	Not more than [●] Equity Shares.	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders.	Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Issue Size available for Allotment / Allocation.	Not more than 50% of the Issue Size shall be Allotted to QIBs. However, up to 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for allocation to QIBs.	Not less than 15% of the Issue or the Issue less allocation to QIBs and Retail Individual Bidders will be available for allocation subject to the following: One-third of the Non -Institutional Portion will be available for allocation to Bidders with an application size more than ₹ 2.00 lakhs to ₹ 10.00 lakhs and two-thirds of the Non-Institutional Portion Will be available for allocation to Bidders with an application size of more than ₹ 10.00 lakhs. Provided that the unsubscribed portion in either of the sub-categories specified above may be allocated to applicants in the other sub-category of Non- Institutional Bidders.	Not less than 35% of the Issue or Issue less allocation to QIBs and Non-Institutional Bidders will be available for allocation.

Particulars	QIBs [(1)]	Non-Institutional Bidders	Retail Individual Bidders
Basis of Allotment / allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price	Proportionate however, The allotment of specified securities to each Non-Institutional Bidders shall not be less than the minimum application size, subject to availability in the Non-Institutional Portion, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in the SEBI ICDR Regulations.	The Allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares is any, shall be allotted on a proportionate basis. For details, see the chapter titled *"**Issue Procedure**"* on page 399.
Minimum Bid	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 2.00 lakhs and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 2.00 lakhs	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Issue (excluding the QIB Portion), subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹2.00 lakhs
Mode of Allotment	Compulsorily in dematerialized form.		
Mode of Bidding	Through ASBA process only (except for Anchor Investors)	Through ASBA process only (including the UPI Mechanism for an application size of up to ₹ 5.00 lakhs)	Through ASBA process only (including the UPI Mechanism)
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		

Particulars	QIBs [1]	Non-Institutional Bidders	Retail Individual Bidders
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share For Retail Individual Bidders, [●] Equity Shares and in multiples of one Equity Share thereafter, subject to availability in the Retail Portion.		
Trading Lot	One Equity Share		
Who can apply [3]	Public financial institutions as specified in section 2(72) of the Companies Act, 2013, scheduled commercial banks, Mutual Funds, FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus ₹ 2,500 Lakh, pension funds with minimum corpus of ₹ 2,500 Lakh, National Investment Fund set up by the Government, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and NBFC-SI.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies, trusts, and FPIs who are individuals, corporate bodies and family offices.	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRIs
Terms of Payment	**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids [4] **In case of all other Bidders:** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA (excluding for Anchor Investors) Form at the time of submission of the ASBA Form and in case of UPI as an alternate mechanism, bid amount shall be blocked at the time of confirmation of mandate collection request by applicant.		

**Assuming full subscription in the Issue*

[1] Our Company in consultation with the BRLM, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only, subject to valid Bids being

received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. For details, see ***"Issue Procedure"*** *beginning on page* 399.

(2) Subject to valid Bids being received at or above the Issue Price. The Issue is being made in terms of Rule 19(2)(b) of the SCRR and under Regulation 6(1) of the SEBI ICDR Regulations.

(3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company reserves the right to reject, it its absolute discretion, all or any multiple Bids in any or all categories.

(4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Issue Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN. For details of terms of payment of applicable to Anchor Investors, see General Information Document available on the website of the Stock Exchanges and the BRLM.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category except the QIB Portion, would be met with spill-over from the other categories or a combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange.

WITHDRAWAL OF THE ISSUE

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue entire or portion of the Issue for any reason at any time after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue Further, the Stock Exchanges shall be informed promptly in this regard by our Company and the BRLM. Also, BRLM through the Registrar to the Issue, shall notify the SCSBs and the Sponsor Banks to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Issue and subsequently, plans of a fresh issue by our Company, a fresh draft red herring prospectus will be submitted again to SEBI.

Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within three Working Days or such other period as may be prescribed, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company in consultation with the BRLM withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with a public offering of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus with SEBI and the Stock Exchanges.

If Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law.

ISSUE PROCEDURE

All Bidders should read the General Information Document, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the Abridged Prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue, (ii) maximum and minimum Bid size, (iii) price discovery and allocation, (iv) payment instructions for ASBA Bidders, (v) issuance of Confirmation of Allocation Note (CAN) and Allotment in the Issue, (vi) general instructions (limited to instructions for completing the Bid cum Application Form), (vii) Designated Date, (viii) disposal of applications, (ix) submission of Bid cum Application Form, (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds), (xi) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications, (xii) mode of making refunds, and (xiii) interest in case of delay in Allotment or refund.

*SEBI through the SEBI UPI Circulars introduced an alternate payment mechanism using UPI and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism with the ASBA for applications by Retail Individual Bidders through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Bidders applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days ("**UPI Phase I**"), until June 30, 2019. Subsequently, for applications by Retail Individual Bidders through Designated Intermediaries, the process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days is applicable for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**").*

*Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 extended the timeline for UPI Phase II till March 31, 2020. However, given the prevailing uncertainty due to the COVID- 19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for UPI Phase II till further notice from SEBI. The final reduced timeline of T+3 days for the UPI Mechanism for applications by UPI Bidders ("**UPI Phase III**"), and modalities of the implementation of UPI Phase III has been notified by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 and made effective on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 09, 2023 has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on or after May 1, 2021 except as set out in circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus.*

Furthermore, pursuant to circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹500,000 shall use the UPI Mechanism. This circular has come into force for initial public offers opening on or after May 1, 2022 and the provisions of this circular are deemed to form part of this Draft Red Herring Prospectus. Subsequently, pursuant to SEBI circular no.

SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings (opening on or after September 01, 2022) shall be processed only after application monies are blocked in the bank accounts of investors (all categories).

The BRLM shall be the nodal entity for any issues arising out of the public issuance process. In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and BRLM shall continue to coordinate with intermediaries involved in the said process.

Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus.

Further, our Company and the Syndicate are not liable for any adverse occurrence's consequent to the implementation of the UPI Mechanism for application in this Issue.

BOOK BUILDING PROCEDURE

The Issue is being made in terms of Rule 19(2)(b) of the SCRR through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis, provided that our Company in consultation with the BRLM, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. In the event of under- subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders of which one-third shall be available for allocation to Bidders with an application size more than ₹ 2.00 lakhs to ₹ 10.00 lakhs and two-thirds shall be available for allocation to Bidders with an application size of more than ₹ 10.00 lakhs in accordance with the SEBI ICDR Regulations, and not less than 35% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Issue Price. However, under subscription, if any, in the QIB Portion will not be allowed to be met with spill over from other categories or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized mode on the platform of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, PAN, and UPI ID (for Retail Individual Bidders Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not

have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Issue, in compliance with Applicable Laws.

PHASED IMPLEMENTATION OF UPI MECHANISM

SEBI has issued the SEBI UPI Circulars in relation to streamlining the process of public issue of, among others, equity shares. Pursuant to the SEBI UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by UPI Bidders through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the SEBI UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, a Retail Individual Bidder had the option to submit the ASBA Form with any of the Designated Intermediary and use his/her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI, vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Subsequently, SEBI, vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, extended the timeline for implementation of UPI Phase II till further notice. Under this phase, submission of the ASBA Form by UPI Bidders through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase.

Phase III: This phase has become applicable on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023, vide SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 (**"T+3 Notification"**). In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Offer shall be undertaken pursuant to the processes and procedures as notified in the T+3 Notification as applicable, subject to any circulars, clarification or notification issued by the SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. The Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the UPI Bidders using the UPI.

Pursuant to the UPI Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one day

from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors' complaints in this regard, the relevant SCSB as well as the post – Issue BRLM will be required to compensate the concerned investor.

The Issue is made under UPI Phase III of the SEBI UPI Circulars, the same will be advertised in all editions of [●], the English national newspaper, all editions of [●], the Hindi national newspaper and [●] editions of [●], the Regional newspaper, (Hindi being the local language of Rajasthan, where our registered and corporate office is situated), each with wide circulation, on or prior to the Bid/ Issue Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the UPI Bidders using the UPI.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks make an application as prescribed in Annexure I of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and provide a written confirmation on compliance with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Further, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, all UPI Bidders applying in public issues where the application amount is up to ₹500,000 shall use the UPI Mechanism and shall also provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

i. a Syndicate Member;
ii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);
iii. a Depository Participant (whose name is mentioned on the website of the stock exchange as eligible for this activity);
iv. a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the Book Running Lead Manager.

BID CUM APPLICATION FORM

Copies of the Bid cum Application Form (other than for Anchor Investors) and the Abridged Prospectus will be available with the Designated Intermediaries at relevant Bidding Centres and at the Registered Office. The electronic copy of the Bid cum Application Forms will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Issue Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the offices of the BRLM. Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Issue. Anchor Investors are not permitted to participate in this Issue through the ASBA process.

All ASBA Bidders must provide either, (i) bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID (in case of UPI Bidders), as applicable, in the relevant space provided in

the ASBA Form and the ASBA Forms that do not contain such details will be rejected. Applications made by the UPI Bidders using third party bank account or using third party linked bank account UPI ID are liable for rejection.

UPI Bidders Bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Bid cum Application Forms that do not contain the UPI ID are liable to be rejected. UPI Bidders Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

Further, Bidders shall ensure that the Bids are submitted at the Bidding Centres only on Bid cum Application Forms bearing the stamp of a Designated Intermediary (except in case of electronic Bid cum Application Forms) and Bid cum Application Forms not bearing such specified stamp maybe liable for rejection.

ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSBs or the Sponsor Bank(s), as applicable, at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked including details as prescribed in Annexure II of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	**Colour of Bid cum Application Form[(1)]**
Resident Indians, including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis[(2)]	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis [(2)]	[●]
Anchor Investors [(3)]	[●]

[(1)] Excluding electronic Bid cum Application Forms

*[(2)] Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (*www.nseindia.com*) and BSE (*www.bseindia.com*).*

[(3)] Bid cum Application Forms for Anchor Investors shall be available at the offices of BRLM.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. Subsequently, for ASBA Forms (other than UPI Bidders using UPI Mechanism), Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For UPI Bidders using the UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to UPI Bidders for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the

liability to compensate UPI Bidders (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank and the issuer bank. The Sponsor Bank and the Bankers to the Issue shall provide the audit trail to the BRLM for analysing the same and fixing liability.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLM in the format and within the timelines as specified under the SEBI UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank(s) on a continuous basis.

For all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on the Bid/ Issue Closing Date ("**Cut-Off Time**"). Accordingly, UPI Bidders Bidding using through the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse.

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/ Issue Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Issue Bidding process.

Further, Intermediaries shall retain physical bid cum application forms submitted by Retail Individual Bidders with UPI as a payment mechanism, for a period of six months and thereafter forward the same to the issuer/ Registrar to the Issue. However, in case of electronic forms, "**printouts**" of such Bids need not be retained or sent to the issuer. Intermediaries shall, at all times, maintain the electronic records relating to such forms for a minimum period of three years.

ELECTRONIC REGISTRATION OF BIDS

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Issue.

b) On the Bid/ Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be Issued or sold within the United States except pursuant to an exemption from, or in a transaction

not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being issued and sold outside the United States in offshore transactions as defined and in compliance with Regulation S and the applicable laws of the jurisdiction where those issues and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Important Information for Investors – Eligibility and Transfer Restrictions

Until the expiry of 40 days after the commencement of the Issue, an Issue or sale of the Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the U.S. Securities Act, unless made pursuant to available exemptions from the registration requirements of the U.S. Securities Act and in accordance with applicable securities laws of any state or other jurisdiction of the United States. The Equity Shares have not been recommended by any U.S. federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Draft Red Herring Prospectus or approved or disapproved the Equity Shares. Any representation to the contrary is a criminal offence in the United States. In making an investment decision investor must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

Eligible Investors

The Equity Shares are being issued and sold outside the United States, in offshore transactions in reliance on Regulation S and the applicable laws of the jurisdiction where those issues and sales occur and who are deemed to have made the representations set forth immediately below.
Each purchaser that is acquiring the Equity Shares issued pursuant to the Issue outside the United States, by a declaration included in the Bid cum Application Form and its acceptance of the Red Herring Prospectus and of the Equity Shares issued pursuant to the issue, will be deemed to have acknowledged, represented and warranted to and agreed with our Company and the BRLM that it has received a copy of the Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

1. the purchaser is authorized to consummate the purchase of the Equity Shares issued pursuant to the Issue in compliance with all applicable laws and regulations;

2. the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and accordingly may not be Issued or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

3. the purchaser is purchasing the Equity Shares issued pursuant to the issue in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the U.S. Securities Act;

4. the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

5. the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

6. is not acquiring the Equity Shares as a result of any "directed selling efforts" (within the meaning of Rule 902(c) under the U.S. Securities Act);

7. the purchaser acknowledges that our Company, the BRLM, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

PARTICIPATION BY THE PROMOTERS, THE MEMBERS OF THE PROMOTER GROUP, THE BRLM, THE SYNDICATE MEMBER(S) AND PERSONS RELATED TO THE PROMOTERS/THE MEMBERS OF THE PROMOTER GROUP/THE BRLM

The BRLM and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLM and the Syndicate Members may purchase Equity Shares in the Issue, either in the QIB Category, where the allocation is on a proportionate basis, or the Non-Institutional Category, as may be applicable to such Bidders, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the BRLM nor any associate of the BRLM can apply in the Issue under the Anchor Investor Portion:

(i) mutual funds sponsored by entities which are associate of the BRLM;
(ii) insurance companies promoted by entities which are associate of the BRLM;
(iii) AIFs sponsored by the entities which are associate of the BRLM; or
(iv) FPIs (other than individuals, corporate bodies and family offices) sponsored by the entities which are associate of the BRLM.

Further, the Promoters and members of the Promoter Group shall not participate by applying for Equity Shares in the Issue. Further, persons related to the Promoters and the member of the Promoter Group shall not apply in the Issue under the Anchor Investor Portion.

However, a QIB who has any of the following rights in relation to our Company shall be deemed to be a person related to the Promoters or the members of the Promoter Group of our Company:

(i) rights under a shareholders' agreement or voting agreement entered into with the Promoters or the members of the Promoter Group of our Company;
(ii) veto rights; or
(iii) right to appoint any nominee director on the Board.

Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if:

(i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or

(ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or

(iii) there is a common director, excluding nominee director, among the Anchor Investors and the BRLM.

BIDS BY MUTUAL FUNDS

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the BRLM, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which such Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV in equity shares or equity-related instruments of any single company, provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

BIDS BY ELIGIBLE NRIS

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour). Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries.

Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorise their SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and Eligible NRI Bidders Bidding on a non-repatriation basis by using Resident Forms should authorise their respective SCSBs (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of UPI Bidders Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

In accordance with the FEMA Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

Eligible NRIs will be permitted to apply in the Issue through Channel I or Channel II (as specified in the SEBI UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the SEBI UPI Circulars) to apply in the Issue, provided the UPI facility is enabled for their NRE/NRO accounts.

For details of restrictions on investment by NRIs, see ***"Restrictions on Foreign Ownership of Indian Securities"*** on page 423.

Participation of Eligible NRIs in the Issue shall be subject to the FEMA Rules.

BIDS BY HUFS

Bids by HUFs, should be made in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or First Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

BIDS BY FPIS

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of the post- Issue Equity Share capital. Further, in terms of the FEMA Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company. With effect from April 1, 2020, the aggregate limit by FPIs shall be the sectoral caps applicable to the Indian company as prescribed in the FEMA Rules with respect to its paid-up equity capital on a fully diluted basis. While the aggregate limit as provided above could have been decreased by the concerned Indian companies to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its board of directors and its shareholders through a resolution and a special resolution, respectively before March 31, 2020, our Company has not decreased such limit and accordingly the applicable limit with respect to our Company is 100%. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company, in consultation with the BRLM, reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognised
stock exchange in India, and/or may purchase or sell securities other than equity instruments.
FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

To ensure compliance with the applicable limits, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar to the Issue shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI, and (ii) obtain validation from Depositories for the FPIs who have invested in the Issue to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs, (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs, (iii) such offshore derivative instruments are issued after compliance with "know your client" norms, and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivate instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, among others, the following conditions:

(a) each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Further, Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs may not be regarded as multiple Bids:

- FPIs which utilise the multi-investment manager ("**MIM**") structure.
- Offshore derivative instruments ("**ODI**") which have obtained separate FPI registration for ODI and proprietary derivative investments.
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration.
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager.
- Multiple branches in different jurisdictions of foreign bank registered as FPIs.
- Government and Government related investors registered as Category I FPIs.
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to the aforesaid seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN). In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilise any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation.

In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

BIDS BY SEBI REGISTERED AIFS, VCFS AND FVCIS

The SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs. Post the repeal of the SEBI VCF Regulations, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The SEBI FVCI Regulations prescribe the investment restrictions on FVCIs.

Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in one investee company directly or through investment in the units of other AIFs. A category III AIF cannot invest more than 10% of the investible funds in one investee company directly or through investment in the units of other AIFs. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking.

The holding in any company by any individual VCF or FVCI registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in initial public offerings.

Further, the shareholding of VCFs, Category I AIFs or Category II AIFs and FVCIs in a company prior to an initial public offering being undertaken by such company, shall be exempt from lock-in requirements, provided that such equity shares shall be locked in for a period of at least six months from the date of purchase by the VCF or AIF or FVCI. However, if such VCFs, Category I AIFs or Category II AIFs and FVCIs hold individually or with persons acting in concert, more than 20% of the pre- Issue shareholding of such company, this exemption from lock-in requirements will not be applicable.

There is no reservation for Eligible NRIs, AIFs, FPIs and FVCIs. All such Bidders will be treated on the same basis with other categories for the purpose of allocation. Participation of VCFs, AIFs or FVCIs in the Issue shall be subject to the FEMA Rules.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

BIDS BY LIMITED LIABILITY PARTNERSHIPS

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLM reserves the right to reject any Bid without assigning any reason thereof.

BIDS BY BANKING COMPANIES

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company, in consultation with the BRLM, reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended, ("**Banking Regulation Act**"), and the Master Directions - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the banking company's paid-up share capital and reserves, whichever is lower.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act, (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's

interest on loans/investments made to a company, (iii) hold along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank, and mutual funds managed by asset management companies controlled by the bank, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap does not apply to the cases mentioned in (i) and (ii) above.

Further, the aggregate investment by a banking company in all its subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments, cannot exceed 20% of the banking company's paid up share capital and reserves.

The banking company is required to submit a time-bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary or a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in para 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended.

BIDS BY SCSBS

SCSBs participating in the Issue are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

BIDS BY INSURANCE COMPANIES

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLM, reserves the right to reject any Bid without assigning any reason thereof. The exposure norms for insurers are prescribed under Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("**IRDAI Investment Regulations**"), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDAI Investment Regulations 2016, as amended, which are broadly set forth below:

(a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

*The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,50,00,000 lakhs or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 50,00,000 lakhs or more but less than ₹ 2,50,00,000 lakhs.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI, from time to time, including the IRDAI Investment Regulations for specific investment limits applicable to them.

BIDS BY SYSTEMICALLY IMPORTANT NON-BANKING FINANCIAL COMPANIES

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLM, reserves the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

BIDS UNDER POWER OF ATTORNEY

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 2,500 lakhs (subject to applicable laws) and pension funds with a minimum corpus of ₹ 2,500 lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the BRLM, reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company, in consultation with the BRLM, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the BRLM, may deem fit.

BIDS BY PROVIDENT FUNDS/PENSION FUNDS

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 2,500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing

this, our Company, in consultation with the BRLM, reserves the right to reject any Bid, without assigning any reason therefor.

BIDS BY ANCHOR INVESTORS

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLM.

Except for Mutual Funds, AIFs or FPIs (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLM or insurance companies promoted by entities which are associates of the BRLM, no BRLM or its respective associates can apply in the Issue under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an "associate of the BRLM" if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other, or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other, or (iii) there is a common director, excluding nominee director, among the Anchor Investors and the BRLM.

The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 1000.00 lakhs. A Bid cannot be submitted for over 60% of the QIB Category. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 1000.00 lakhs.

One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds. Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date and will be completed on the same day. Our Company, in consultation with the BRLM may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

(a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 1000.00 lakhs;

(b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 1000.00 lakhs but up to ₹ 25,000.00 lakhs, subject to a minimum Allotment of ₹ 500.00 lakhs per Anchor Investor; and

(c) in case of allocation above ₹ 25,000.00 lakhs under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 25,000.00 lakhs, and an additional 10 Anchor Investors for every additional ₹ 25,000.00 lakhs, subject to minimum Allotment of ₹ 500.00 lakhs per Anchor Investor.

Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, will be made available in the public domain by the BRLM before the Bid/ Issue Opening Date, through intimation to the Stock Exchanges. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid. If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Issue Price will be payable by the Anchor Investors on the Anchor Investor pay-in date specified in the CAN. If the Issue Price is lower than the Anchor Investor Issue Price, Allotment to successful Anchor Investors will be at the higher price.

50% of the Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 90 days from the date of Allotment and the remaining 50% shall be locked in for a period of 30 days from the date of Allotment.

Bids made by QIBs under both the Anchor Investor Portion and the QIB Category will not be considered multiple Bids.

INFORMATION FOR BIDDERS

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such acknowledgement slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier acknowledgement slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLM are cleared or approved by the Stock Exchanges, nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company, nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

GENERAL INSTRUCTIONS

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bid(s) during the Bid/ Issue Period and withdraw their Bid(s) until Bid/ Issue Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Ensure that you (other than the Anchor Investors) have mentioned the correct ASBA Account number (for all Bidders other than UPI Bidders Bidding using the UPI Mechanism) in the Bid cum Application Form and such ASBA account belongs to you and no one else. Further, UPI Bidders using the UPI Mechanism must also mention their UPI ID and shall use only their own bank account which is linked to their UPI ID;
4. UPI Bidders Bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;

5. UPI Bidders Bidding using the UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on SEBI website. UPI bidders shall ensure that the name of the app and the UPI handle which is used for making the application appears on the list displayed on SEBI website. An application made using incorrect UPI handle or using a bank account of an SCSB or bank which is not mentioned on SEBI website is liable to be rejected;
6. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
7. Ensure that the details about the PAN, DP ID, Client ID and UPI ID (where applicable) are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in dematerialised form only;
8. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. UPI Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, CRTAs or CDPs and should ensure that the Bid cum Application Form contains the stamp of such Designated Intermediary;
9. In case of joint Bids, ensure that First Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the First Bidder is included in the Bid cum Application Form;
10. If the First Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI linked bank account holder, as the case may be). Bidders (except UPI Bidders Bidding using the UPI Mechanism) should ensure that they have an account with an SCSB and have mentioned the correct bank account number of that SCSB in the Bid cum Application Form. UPI Bidders Bidding using the UPI Mechanism should ensure that they have mentioned the correct UPI-linked bank account number and their correct UPI ID in the Bid cum Application Form;
11. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
12. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
13. Ensure that you request for and receive a stamped acknowledgment in the form of a counterfoil or by specifying the application number for all your Bid options as proof of registration of the Bid cum Application Form from the concerned Designated Intermediary;
14. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to any of the Designated Intermediaries;
15. Submit revised Bids to the same Designated Intermediary, through whom the original Bid is placed and obtain a revised acknowledgment;
16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, and (iii) any other category of Bidders, including without limitation, multilateral/bilateral institutions, which may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the

Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

17. Ensure that the Demographic Details are updated, true and correct in all respects;
18. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
19. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
20. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted;
21. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
22. Bidders (except UPI Bidders Bidding using the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA Account under the ASBA process. UPI Bidders Bidding using the UPI Mechanism, should ensure that they approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;
23. Note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected;
24. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and Retail Individual Bidders) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in);
25. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
26. UPI Bidders Bidding using the UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using their UPI PIN. Upon the authorisation of the mandate using their UPI PIN, the UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder Bidding using the UPI Mechanism in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Bank to issue a request to block the Bid Amount mentioned in the Bid Cum Application Form in their ASBA Account;
27. UPI Bidders Bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the First Bidder (in case of joint account) in the Bid cum Application Form;
28. UPI Bidders Bidding using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in their account and subsequent debit of funds in case of allotment in a timely manner;
29. Bids by Eligible NRIs, HUFs and FPIs other than individuals, corporate bodies and family offices, for a Bid Amount of less than ₹200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non- Institutional Category for allocation in the Issue;
30. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLM;

31. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Issue Closing Date; and
32. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by RIIs) and ₹500,000, net of Employee Discount, if any (for Bids by Eligible Employees);
3. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
4. Do not Bid on another Bid cum Application Form after you have submitted a Bid to a Designated Intermediary;
5. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
6. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
7. Anchor Investors should not Bid through the ASBA process;
8. Do not submit the Bid cum Application Forms to any non-SCSB bank or to our Company or at a location other than the Bidding Centres;
9. Do not Bid on a physical Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
10. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
12. Do not submit your Bid after 3.00 pm on the Bid/ Issue Closing Date;
13. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Issue Closing Date;
14. Do not submit the General Index Register (GIR) number instead of the PAN;
15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID (where applicable) or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
16. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account or in the case of UPI Bidders Bidding using the UPI Mechanism, in the UPI-linked bank account where funds for making the Bid are available;
17. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidders. RIIs can revise or withdraw their Bids on or before the Bid/ Issue Closing Date;
18. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
19. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism;
20. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
21. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the Depository);

22. Do not submit more than one Bid cum Application Form per ASBA Account. If you are a UPI Bidder and are using UPI Mechanism, do not submit more than one Bid cum Application Form for each UPI ID;
23. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;
24. Do not submit a Bid cum Application Form with third party UPI ID or using a third party bank account (in case of Bids submitted by UPI Bidders using the UPI Mechanism);
25. Do not submit ASBA Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in);
26. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
27. Do not Bid for Equity Shares more than what is specified by respective Stock Exchange for each category;
28. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations. If you are UPI Bidder and are using UPI Mechanism, do not submit the ASBA Form directly with SCSBs;
29. Do not Bid if you are an OCB; and
30. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre- Issue or post- Issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see ***"General Information"*** on page 87.

GROUNDS FOR TECHNICAL REJECTIONS

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

1) Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2) Bids which do not contain details of the Bid Amount and the bank account or UPI ID (for RIBs using the UPI Mechanism) details in the ASBA Form;

3) Bids submitted on a plain paper;

4) Bids submitted by RIBs using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI;

5) Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID, subject to availability of information from the Sponsor Bank;

6) ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

7) Bids submitted without the signature of the First Bidder or sole Bidder;

8) The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

9) Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

10) Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹200,000 (net of retail discount);

11) GIR number furnished instead of PAN;

12) Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and

13) Bids accompanied by cheque(s), demand draft(s), stock invest, money order, postal order or cash and

14) Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Issue Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Issue Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Issue Closing Date, unless extended by the Stock Exchanges.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, Investors shall be entitled to compensation in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.
Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and as amended pursuant to SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, has reduced the timelines for refund of Application money to four days.

NAMES OF ENTITIES RESPONSIBLE FOR FINALIZING THE BASIS OF ALLOTMENT IN A FAIR AND PROPER MANNER

The authorised employees of the Stock Exchanges, along with the Book Running Lead Manager and the Registrar to the Issue, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in the SEBI ICDR Regulations.

METHOD OF ALLOTMENT AS MAY BE PRESCRIBED BY SEBI FROM TIME TO TIME

Our Company will not make any Allotment in excess of the Equity Shares Issued through the Issue except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an Allotment of not more than 1% of the Net Issue may be made for the purpose of making Allotment in minimum Bid Lots.

The Allotment of Equity Shares to applicants other than to the Retail Individual Bidders, Non-Institutional
Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum Allotment being equal to the minimum application size as, determined and disclosed.

The Allotment of Equity Shares to each Retail Individual Bidder and Non-Institutional Bidders shall not be less than the minimum Bid Lot, subject to the availability of Equity Shares in the Retail Individual

Bidder category and the Non-Institutional Category, respectively, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis.

PAYMENT INTO ESCROW ACCOUNT(S) FOR ANCHOR INVESTORS

Our Company, in consultation with the BRLM in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Issue through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS or NEFT). The payment instruments for payment into the Escrow Account should be drawn in favour of:

(i) In case of resident Anchor Investors: "[●]"
(ii) In case of non-resident Anchor Investors: "[●]"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Bankers to the Issue and the Registrar to the Issue to facilitate collections from Anchor Investors.

DEPOSITORY ARRANGEMENTS

The Allotment of the Equity Shares in the Issue shall be only in a dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). For more information, see chapter titled ***"Terms of the Issue"*** beginning on page 388.

PRE-ISSUE ADVERTISEMENT

Subject to Section 30 of the Companies Act, 2013, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre- Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of [●], the English national newspaper, all editions of [●], the Hindi national newspaper and [●] editions of [●], the Regional newspaper, (Hindi being the local language of Rajasthan, where our registered and corporate office is situated). Our Company shall, in the pre- Issue advertisement state the Bid/ Issue Opening Date, the Bid/ Issue Closing Date and the QIB Bid/ Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

POST-ISSUE ADVERTISEMENT

Our Company, the BRLM and the Registrar to the Issue shall publish a post- Issue advertisement in terms of Regulation 51(1) of SEBI ICDR Regulations on or before the date of commencement of trading, disclosing the date of commencement of trading in all editions of [●], the English national newspaper, all editions of [●], the Hindi national newspaper and [●] editions of [●], the Regional newspaper, (Hindi being the local language of Rajasthan, where our registered and corporate office is situated), each with wide circulation.

The above information is given for the benefit of the Bidders/applicants. Our Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.

SIGNING OF THE UNDERWRITING AGREEMENT AND THE FILING WITH THE ROC

Our Company intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the determination of the Issue Price. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue size and underwriting arrangements and would be complete in all material respects.

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"Any person who—

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 10 Lakh or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 10 Lakh or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 50 Lakh or with both.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

(i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;

(ii) All steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within such timeline as may be prescribed by SEBI;

(iii) Adequate arrangements shall be made to collect all Bid cum Application Forms;

(iv) If the Allotment is not made within the prescribed time under applicable law, application monies will be refunded/unblocked in the ASBA Accounts within four days from the Bid/ Issue Closing Date or such other time as may be specified by SEBI, failing which our Company shall pay interest prescribed under the Companies Act, 2013 and the SEBI ICDR Regulations for the delayed period;

(v) Funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

(vi) Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within four days from the Bid/ Issue Closing Date, or such time period as specified by SEBI, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

(vii) No further issue of Equity Shares shall be made until the Equity Shares Issued through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.;

(viii) If our Company do not proceed with the Issue after the Bid/ Issue Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/ Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements are published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

(ix) If our Company withdraw the Issue after the Bid/ Issue Closing Date, our Company shall be required to file a fresh draft Issue document with SEBI, in the event our Company subsequently decides to proceed with the Issue;

(x) The Minimum Promoters' Contribution, if any, shall be brought in advance before the Bid/ Issue Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees, in accordance with the applicable provisions of the SEBI ICDR Regulations;

(xi) The allotment of securities/refund confirmation to Eligible NRIs shall be dispatched within specified time; and

(xii) Our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

UTILISATION OF ISSUE PROCEEDS

The Board certifies that:

(i) all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act, 2013;

(ii) details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

(iii) details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, earlier known as Department of Industrial Policy and Promotion (**"DPIIT"**) issued the Consolidated FDI Policy Circular of 2020 (**"FDI Policy"**) by way of circular bearing number DPIIT file number 5(2)/2020-FDIPolicy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular.

Further, in accordance with circular, dated October 15, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. In the event such prior approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Issue in writing about such approval along with a copy thereof within the Issue Period. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction / purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Issue in writing about such approval along with a copy thereof within the Issue Period.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("**FEMA Rules**") and Foreign Exchange Management (Debt Instruments) Regulations, 2019 in supersession of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and the Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India) Regulations, 2018. Consequent to the FEMA Rules, the RBI has issued Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instrument) Regulation, 2019 which governs the mode of payment and reporting requirements for investment in India by a person resident outside India. In terms of the FEMA Rules and the FDI Policy, up to 100% foreign investment is currently permitted in a company engaged in manufacturing activities in India (including contract manufacturing in India).

As per the existing policy of the Government of India, OCBs cannot participate in this Issue. For further details, see the chapter titled "*Issue Procedure*" beginning on page 399.

Investment by Foreign Portfolio Investors (FPIs)

FPIs are permitted to subscribe to Equity Shares of an Indian Company in a public issue without the prior approval of the RBI, so long as the price of the Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents. SEBI registered FPIs have been permitted to purchase shares of an Indian company through issue, subject to total FPI investment being within the individual FPI investment limit of below 10% of the total paid-up equity capital of the Indian Company on a fully diluted basis, or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all FPIs put together, including any other direct and indirect foreign investments in the Indian company permitted under FEMA Rules shall not exceed 24% of the paid-up equity capital of the Indian company on a fully diluted basis. However, this aggregate limit of 24% may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

With effect from April 01, 2020, the aggregate limit shall be the sectoral caps applicable to the Indian company as laid out in sub-paragraph (b) of paragraph 3 of Schedule I of the FEMA Rules, with respect to its paid-up equity capital on a fully diluted basis or such same sectoral cap percentage of paid-up value of each series of debentures or preference shares or share warrants. The aggregate limit as provided above may be decreased by the Indian company concerned to a lower threshold limit of 24% or 49% or 74% as deemed fit, with the approval of its Board of Directors and its General Body through a resolution and a special resolution, respectively before March 31, 2020. The Indian company which has decreased its aggregate limit to 24% or 49% or 74%, may increase such aggregate limit to 49% or 74% or the sectoral cap or statutory ceiling respectively as deemed fit, with the approval of its Board of Directors and its General Body through a resolution and a special resolution, respectively; however, once the aggregate limit has been increased to a higher threshold, the Indian company cannot reduce the same to a lower threshold.

Subscription by Non-Resident Indians (NRI) or Overseas Citizen of India (OCI) on Repatriation Basis

As per Schedule III of the FEMA Rules, a NRI or OCI may purchase or sell shares of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions that NRIs or OCIs may purchase and sell shares through a branch designated by an authorised dealer for the purpose; and the total holding by any individual NRI or OCI shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the company.

Investment by NRI or OCI on Non-Repatriation Basis

As per Schedule IV of the FEMA Rules, purchase by an NRI/ OCI, including a company, a trust and a partnership firm incorporated outside India and owned and controlled by NRIs/OCIs, on non-repatriation basis of shares and convertible debentures or warrants issued by a company without any limit either on the stock exchange or outside, it will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions. However,

NRI/ OCI, including a company, a trust and a partnership firm incorporated outside India and owned and controlled by NRIs/OCIs, is prohibited from making any investment, under Schedule IV, in capital instruments or units of a Nidhi company or a company engaged in agricultural/ plantation activities or real estate business or construction of farm houses or dealing in transfer of development rights.

Investment by other Non-Resident Investors

As per Schedule I of the FEMA Rules, a person resident outside India may purchase capital instruments of a listed Indian company on a stock exchange in India provided the person resident outside India making the investment has already acquired control of such company in accordance with Takeover Regulations and continues to hold such control and the amount of consideration may be paid as per the mode of payment as prescribed by RBI i.e. Regulation 3 of Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instrument) Regulation 2019 under or out of the dividend payable by Indian investee company in which the person resident outside India has acquired and continues to hold the control in accordance with Takeover Regulations provided the right to receive dividend is established and the dividend amount has been credited to a specially designated non-interest bearing rupee account for acquisition of shares on the recognised stock exchange.

Investors are advised to refer to the exact text of the relevant statutory provisions of law before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company.

No person shall make an application in the Issue, unless such person is eligible to acquire Equity Shares of our Company in accordance with applicable laws, rules, regulations, guidelines and approvals.

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be issued or sold within U.S., except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within U.S.to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside U.S. in offshore transactions in reliance on Regulation S, under the U.S. Securities Act and the applicable laws of the jurisdictions where such issues and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations, seek independent legal advice about its ability to participate in the Issue and ensure that the number of Equity Shares Bid for, do not exceed the applicable limits under laws or regulations.

SECTION VIII - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

Capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Table F in Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below.

Promoters and shareholders have no special rights under the company's AOA as on the date of filing the DRHP with the SEBI and Stock Exchanges.

Pursuant to the Companies Act and the SEBI ICDR Regulations the main provisions of our Articles of Association relating to, among others, voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalised/ defined terms herein have the same meaning given to them in our Articles. Subject to our Articles, any words or expression defined in the Companies Act, 2013 shall, except so where the subject or context forbids; bear the same meaning in these Articles.

Sr. No	Particulars	
	INTERPRETATION	
I	(1) In these regulations --	
	(a) "The Act" means the Companies Act, 2013,	**Act**
	(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.	**Expression in the Act to bear same meaning in Articles.**
	SHARE CAPITAL AND VARIATION OF RIGHTS	
II. 1.	Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.	**Shares to be under the control of Board**
2.	(i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, -- (a) one certificate for all his shares without payment of any charges; or (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first. (ii) Every certificate shall be under signatures of at least two director and specify the shares to which it relates and the amount paid-up thereon (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.	**Share Certificates**

Sr. No	Particulars	
3.	(i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate. (ii) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.	**Issue of new share certificates in place of those defaced, lost or destroyed.**
4	Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.	**Company not bound to recognise any interest in share other than that of registered holders.**
5	(i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder. (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40. (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.	**Commission payable**
6	(i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.	**Modification of rights**
7	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.	**New Issue of Shares not to affect rights attached to existing shares of that class.**
8	Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as	**Issue and redemption of preference shares**

Sr. No	Particulars	
	the company before the issue of the shares may, by special resolution, determine.	
	LIEN	
9	(i) The company shall have a first and paramount lien - (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company: Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause. (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.	**Company to have lien on shares**
10	The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made -- (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.	**As to enforcing lien by sale.**
11	(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer. (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.	**Purchaser of the shares, so transferred, through enforcing lien by sale.**
12	(i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.	**Application of proceeds of sale.**
	CALLS ON SHARES	
13	(i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times: Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.	**Board may make Calls and notice of Calls**

Sr. No	Particulars	
	(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares. (iii) A call may be revoked or postponed at the discretion of the Board.	
14	A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.	**Calls to date from resolution**
15	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	**Liability of joint holders to pay on call of shares**
16	(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine. (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.	**Calls to carry interest**
17	(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.	**Sums deemed to be calls.**
18	(i) The Board -- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.	**Advance on Calls.**
	TRANSFER OF SHARES	
19	(i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee. (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.	**Execution of the instrument of shares.**
20	The Board may, subject to the right of appeal conferred by section 58 decline to register -- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or	**Directors may refuse to register transfer**.

Sr. No	Particulars	
	(b) any transfer of shares on which the company has a lien.	
21	The Board may decline to recognise any instrument of transfer unless -- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56; (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares.	**Board to decline recognition of instrument of transfer.**
22	On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine: Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.	**Registration of transfers may be suspended.**
	TRANSMISSION OF SHARES	
23	(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a shareholder, shall be the only persons recognised by the company as having any title to his interest in the shares. (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.	**Recognition of legal representative**
24	(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either – (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made. (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.	**Registration of persons entitled to share (Transmission)**
25	(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share. (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not	**Notice by person becoming entitled to shares for exercising right**

Sr. No	Particulars	
	occurred and the notice or transfer were a transfer signed by that member.	
26	A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.	**Benefits accruing to person becoming entitled to share entitled to a share by reason of the death or insolvency of the holder.**
	FORFEITURE OF SHARES	
27	If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.	**If call or instalment not paid, notice may be given**
28	The notice aforesaid shall -- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.	**Terms of notice**
29	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.	**On default of payment, shares to be forfeited.**
30	(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.	**Sale or disposal of forfeited shares**
31	(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares. (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.	**Members still liable to pay money owing at time of forfeiture.**
32	(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that	**Evidence of Forfeiture and Title of transferee.**

Sr. No	Particulars	
	a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share; (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of; (iii) The transferee shall thereupon be registered as the holder of the share; and The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.	
33	The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.	**Articles relating to Forfeiture to apply in case of non-payment of any sum**
	ALTERATION OF CAPITAL	
34	The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.	**Increase in Share Capital**
35	Subject to the provisions of section 61, the company may, by ordinary resolution, -- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.	**Consolidation, Conversion, Sub-Division and Cancellation of Shares**
36	Where shares are converted into stock, -- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose. (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other	**Conversion of shares into stocks.**

Sr. No	Particulars	
	matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.	
37	The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, -- (a) its share capital; (b) any capital redemption reserve account; or (c) any share premium account.	**Reduction of Share Capital**
	CAPITALISATION OF PROFITS	
38	(i) The company in general meeting may, upon the recommendation of the Board, resolve – (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards -- A. paying up any amounts for the time being unpaid on any shares held by such members respectively; B. paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; C. partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B); (iii) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares; (iv) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.	**Capitalisation**
39	(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall -- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and	**Fractional Certificates**

Sr. No	Particulars	
	(b) generally, do all acts and things required to give effect thereto. (ii) The Board shall have power -- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares; (iii) Any agreement made under such authority shall be effective and binding on such members.	
	BUY-BACK OF SHARES	
40	Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.	**Buy back of shares**
	GENERAL MEETINGS	
41	All general meetings other than annual general meeting shall be called extraordinary general meeting.	**Distinction between AGM & EGM.**
42	(i) The Board may, whenever it thinks fit, call an extraordinary general meeting. (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.	**Extra-Ordinary General Meeting by Board**
	PROCEEDINGS AT GENERAL MEETINGS	
43	(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.	**Meeting not to transact business unless quorum is present.**
44	The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.	**Chairperson of General Meeting.**
45	If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.	**Vacancy of Chairperson.**
46	If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their	**Chairperson other than as mentioned in Article 45 and 46**

Sr. No	Particulars	
	members to be Chairperson of the meeting.	
47	On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second casting of vote	**Chairperson's casting vote**
48	1) The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered. 2) The Chairman shall exercise an absolute discretion in the matters as are or could reasonably be regarded as defamatory of any person, irrelevant or immaterial to the proceedings or detrimental to the interests of the Company. The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein	**Minutes of the meetings.**
	ADJOURNMENT OF MEETING	
49	(i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place. (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.	**Adjournment of meetings**
	VOTING RIGHTS	
50	Subject to any rights or restrictions for the time being attached to any class or classes of shares, -- (a) on a show of hands, every member present in person shall have one vote; and (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.	**Vote of members**
51	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.	**E-Voting**
52	(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. (ii) For this purpose, seniority shall be determined by the order in	**Votes of joint members**

Sr. No	Particulars	
	which the names stand in the register of members.	
53	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.	**Vote of member of unsound mind or lunatic**
54	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.	**Demand for poll not to prevent transaction of other business.**
55	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.	**Member not entitled to vote unless money paid**
56	(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.	**Objections**
	PROXY	
57	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.	**Appointment of a Proxy**
58	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.	**Form of proxy**
59	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.	**Validity of votes given by proxy notwithstanding death of a member.**
	BOARD OF DIRECTORS	
60	The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them and are as follows: 1) Mr. Santosh Kumar Yadav 2) Mrs. Anju Devi	**First Directors**
61	a. Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than 15 (Fifteen).	**Number of Directors**

Sr. No	Particulars	
	b. Subject to the provisions of Section 149 of the Act, the Company may from time to time by Special Resolution increase or reduce the number of Directors within the limits fixed by these Articles and may also determine in what rotation the increased or reduced number is to vacate the office. A person appointed as a Director shall not act as a Director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within thirty days of his appointment in such manner as prescribed in the relevant Rules. The Directors shall appoint one women director as per the requirements of section 149 of the Act.	
62	i. The Company shall appoint such number of Independent Directors as it may deem fit, for a term specified in the resolution appointing him. An Independent Director may be appointed to hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of Special Resolution and such other compliances as may be required in this regard. No Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors. ii. Not less than two-thirds of the total number of Directors of the Company shall: a. be persons whose period of office is liable to determination by retirement of Directors by rotation; and b. save as otherwise expressly provided in the said Act; be appointed by the Company in General Meeting. Explanation:- for the purposes of this Article "total number of Directors" shall not include Independent Directors appointed on the Board of the Company. The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit. iii. The remaining Directors of the Company shall also be appointed by the Company in General Meeting except to the extent that the Articles otherwise provide or permit. iv. Subject to the provisions of Section 152 of the Act at every Annual General Meeting, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office. v. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. A retiring Director shall be eligible for re- election.	**Independent Director and retirement of Directors**

Sr. No	Particulars	
	vi. At the Annual General Meeting at which a director retires as aforesaid, the Company may fill up the vacancy by appointing the retiring Director or some other person thereto. vii. If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a National Holiday, till the next succeeding day which is not a holiday, at the same time and place. viii. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless :- a) at the meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost; b) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed; c) he is not qualified or is disqualified for appointment; d) a resolution, whether special or ordinary, is required for his appointment or reappointment by virtue of any provisions of the said Act; or ix. The Managing Director and Wholetime Director shall not be liable to retire by rotation.	
63	(i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day. (ii) The remuneration payable to the Directors, including any Managing or Whole-time Director or Manager, if any, shall be determined in accordance with and subject to the provisions of the Act by a resolution passed by the Company in General Meeting. (iii) Every Director shall be paid a sitting fee not exceeding the limits prescribed in the Companies Act, 2013 or any amendment thereof for each meeting of the Board of Directors or of any committee thereof attended by him and shall be paid in addition thereto all travelling, hotel and other expenses properly incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or General Meeting of the company or in connection with the business of the Company to and from any place.	**Remuneration of Directors**
64	The Board of Directors shall have power at any time, and from time to time, to appoint any person other than a person who fails to get appointed as a director in a general meeting, as an additional director at any time who shall hold office only up to the date of the next Annual General Meeting, or the last date on which the annual general meeting should have been held, whichever is earlier, but shall be eligible for appointment by the Company at that meeting subject to	**Additional Director**

Sr. No	Particulars	
	the provisions of the Act.	
65	The Board of Directors may appoint a person, not being a person holding any alternate directorship for any other Director in the Company, to act as an Alternate Director to act for a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an Independent Director unless he is qualified to be appointed as an Independent Director. An Alternate Director shall be entitled to notice of meetings of the Directors, and to attend and vote thereat accordingly. An Alternate Director shall vacate office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he so returns to India as aforesaid any provision for the automatic reappointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director. An Alternate Director may be removed by the Board of Directors which may appoint another Alternate Director in his place.	**Alternate Director**
66	The Board may appoint any person as a director nominated by any financial institution, bank, corporation or any other statutory body, or if the Company has entered into any obligation with any such institution, bank, corporation or body in relation to any financial assistance by way of loan advanced to the Company or guarantee or given of any loan borrowed or liability incurred by the Company or so long as the Company is indebted. Such Nominee Director/s shall not be required to hold any share qualification in the Company, and such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.	**Nominee Director.**
67	If the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board and the person so appointed shall hold office upto the date which the Director in whose place he is appointed would have held office, if it had not been vacated as aforesaid. Subject to the provisions of Section 168 of the Act a Director may at any time resign from his office upon giving notice in writing to the Company of his intention so to do, and thereupon his office shall be vacated.	**Vacancy of directors**
	PROCEEDINGS OF THE BOARD	
68	(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.	**Meetings of Directors.**

Sr. No	Particulars	
69	(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.	**Questions at Board meeting how decided**
70	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.	**Continuing directors may act notwithstanding any vacancy in the Board**
71	(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.	**Chairperson of Board Meetings**
72	(i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit. (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.	**Directors may appoint committee.**
73	(i) A committee may elect a Chairperson of its meetings. (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.	**Chairperson of Committee Meeting**
74	(i) A committee may meet and adjourn as it thinks fit. (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.	**Meetings of the Committee**
75	All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.	**Acts of Board or Committee shall be valid notwithstanding defect in appointment.**
76	Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.	**Resolution signed by members to be valid**

Sr. No	Particulars	
77	Subject to the provisions of the Act,— A Key Managerial Personnel may be appointed by the Board for such term at such remuneration and upon such conditions as it may think fit and the Key Managerial Personnel so appointed may be removed by means of a resolution in the Board Meeting.	**Key Managerial Personnel**
CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER		
78	Subject to the provisions of the Act, -- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board; (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.	**Appointment of Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**
79	A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.	**No deemed authorization to same person holding two distinct position.**
DIVIDENDS AND RESERVE		
80	The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.	**Declaration of dividends**
81	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.	**Interim Dividends**
82	(i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit. (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.	**Transfer to reserves**
83	(i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company,	**Division of profits**

Sr. No	Particulars	
	dividends may be declared and paid according to the amounts of the shares. (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share. (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.	
84	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.	**Payables on account of calls or otherwise may be deducted**
85	(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct. (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.	**Dividends may be paid by cheque or warrants**
86	Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.	**Joint holders to give effective receipt**
87	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	**Notice of dividends**
88	No dividend shall bear interest against the company.	**No Interest on Dividends**
	POWER TO BORROW	
89	The Board may, from time to time, and at its discretion, subject to the provisions of the Act and these Articles, accept deposits from Shareholders either in advance of calls or otherwise and generally raise or borrow moneys, either from the Directors, their relatives or from others for the purposes of the Company and/or secure the payment of any such sum or sums of money, provided however, where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in ordinary course of business) and remaining outstanding and undischarged at that time exceed the aggregate of the paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company in a General Meeting by an ordinary resolution. The Board may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions as it thinks fit, and in particular by receiving	**Power of the Board to borrow money.**

Sr. No	Particulars	
	deposits, issue of bonds, debentures perpetual, redeemable, debenture stock, or any security of the Company or by mortgage or charge or other security upon all or any part of the property or undertaking of the Company (both present and future), including its uncalled capital for the time being; provided that the Board shall not give any option or right to any person for making calls on the Shareholders in respect of the amount unpaid for the time being on the Shares held by them, without the previous sanction of the Company in a General Meeting.	
	ACCOUNTS	
90	(i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors. (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.	**Books of Accounts**
	WINDING UP	
91	Subject to the applicable provisions of the Act and rules made thereunder -- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not. (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.	**Winding up of company**
	General Power	
92	Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.	**Power of Company to carry out transactions as have been permitted by the Act**
	SECRECY CLAUSE	
93	No member shall be entitled to inspect the Company works without the permission of the Director, or Managing Director, or to require discovery of or any information respecting any details of the	**No member entitled to inspect without permission**

Sr. No	Particulars	
	Company's manufacturing process, technology, marketing strategies, trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the Company to communicate to the public.	
94	Every Director, Managing Director, Manager, Company Secretary, Auditor, Trustee, Members of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company, shall if so required by the Directors before entering upon his duties, or at any time during his term of office, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or any meeting or by a Court of Law or by the person to whom such matters relate and expect so far as may be necessary in order to comply with any of the provisions of these Articles or law.	**Declaration of secrecy regarding transactions and accounts of the company**
INDEMNITY		
95	Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.	**Right to Indemnify**

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the Registrar of Companies for filing and also the documents for inspection referred to hereunder, may be inspected at our Registered Office and our Corporate Office from 10.00 am to 4.00 pm on Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date, except for such contracts and documents that will be executed subsequent to the completion of the Bid/Issue Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

MATERIAL CONTRACTS TO THE ISSUE

1. Issue Agreement dated **January 06, 2024,** entered between our Company and the BRLM.

2. Registrar Agreement dated **January 06, 2024,** entered between our Company and the Registrar to the Issue.

3. Escrow and Sponsor Bank Agreement dated **[●]** entered into among our Company, the BRLM, the Syndicate Members, the Escrow Collection Bank(s), the Public Issue Bank(s), the Refund Bank(s), Sponsor Bank and the Registrar to the Issue.

4. Syndicate Agreement dated **[●]** entered into among our Company, the BRLM and Syndicate members.

5. Underwriting Agreement dated **[●]** entered into between our Company and the Underwriters.

6. Monitoring Agency Agreement dated **[●]** entered into between our Company and Monitoring Agency.

MATERIAL DOCUMENTS IN RELATION TO THE ISSUE

1. Certified copies of Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Our certificate of incorporation dated **August 25, 2017**.

3. Fresh certificate of incorporation dated **April 03, 2023** under the name of ***"KRN Heat Exchanger and Refrigeration Limited"***, pursuant to conversion into public limited company.

4. Resolution passed by our Board in relation to the Issue and other related matters dated **August 07, 2023**.

5. Resolution passed by our Shareholders in relation to the Issue and other related matters dated **August 11, 2023**.

6. Resolutions of the Board of Directors of the Company dated **January 16**, **2024** taking on record and approving this Draft Red Herring Prospectus.

7. Resolutions of the Board of Directors of the Company dated **[●]** taking on record and approving the Red Herring Prospectus.

8. Resolutions of the Board of Directors of the Company dated **[●]** taking on record and approving the Prospectus.

9. Employment agreement dated **June 10, 2023** between our Company and Mr. Santosh Kumar Yadav, Chairman and Managing Director of our Company.

10. Employment agreement dated **May 09, 2023** between our Company and Mrs. Anju Devi, Whole-Time Director of our Company.

11. Statutory Auditor's certificate dated ***January 10, 2024*** certifying the key performance indicators.

12. Report titled ***"Detailed Project Report of KRN HVAC Products Limited"*** dated January 08, 2024 prepared and issued by Q-Serv Consultants Private Limited and verified by M/s Keyur Shah & Co., Chartered Accountant.

13. Copies of auditor's reports of our Company in respect of our audited standalone financial statements for the Period ended on September 30, 2023 and for Financial Years 2023, 2022 and 2021.

14. Copies of auditor's reports of our Company in respect of our audited consolidated financial statements for the Period ended on September 30, 2023

15. Examination report of our Statutory Auditor dated **December 19, 2023** on the Restated Consolidated Financial Information for the Period ended on September 30, 2023 and Restated Standalone Financial Information for Financial Years 2023, 2022 and 2021 included in this Draft Red Herring Prospectus.

16. Statement of Special Tax Benefits available to our Company and its shareholders under direct and indirect tax laws in India from our Statutory Auditor, dated **December 19, 2023**.

17. Consents of the Promoters, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Senior Management, BRLMs, Statutory Auditor, Peer Review Auditor, the Syndicate Member(s), Registrar to the Issue, Banker(s) to the company, Banker(s) to the Issue, Sponsor Bank, Refund Bank, Legal Advisor(s), Underwriter(s) to the Issue, Monitoring Agency as referred to act, in their respective capacities.

18. Written consent dated **April 20, 2023** from M/s. Keyur Shah & Co., Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) examination report, dated **December 19, 2023** on our Restated Financial Information; and (ii) their report dated **December 19, 2023** on the Statement of Special Tax Benefits in this Draft Red Herring Prospectus.

19. Consent dated **January 01, 2024** from **Goyal N Associates**, to include their name as required under the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under the Companies Act, 2013 in respect of his certificate dated **January 01, 2024** on the Company's manufacturing capacity and its utilization at certain manufacturing facilities, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

20. Consent letter from Dun and Bradstreet Information Services India Private Limited dated **September 25, 2023,** to rely on and reproduce part or whole of their industry reports and include their name in this Draft Red Herring Prospectus.

21. Report titled ***"Industry Assessment: Indian Heat Exchanger Industry"*** dated **September 04, 2023** issued by Dun and Bradstreet Information India Private Limited **("D&B")** and is available at https://krnheatexchanger.com/investors/ .

22. Due diligence certificate dated **January 16, 2024** to SEBI from the BRLM.

23. In-principal approvals dated **[●]** and **[●]** from BSE and NSE, respectively.

24. SEBI observation letter bearing reference number **[●]** dated **[●]**.

25. Tripartite agreement dated **June 07, 2023,** entered into among our Company, NSDL and the Registrar to the Issue.

26. Tripartite agreement dated **June 07, 2023,** entered into among our Company, CDSL and the Registrar to the Issue.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Sonu Gupta
Chief Financial Officer

Place: Alwar

Date: January 16, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER OF OUR COMPANY

Praveen

Praveen Kumar
Company Secretary and Compliance Officer

Place: Rewari

Date: January 16, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY



Santosh Kumar Yadav
Chairman and Managing Director

Place: Bhiwadi

Date: January 16, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Anju

Anju Devi
Whole-Time Director

Place: Alwar

Date: January 16, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Manohar Lal
Non - Executive Director

Place: Bhiwadi

Date: January 16, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ajay yadav

Ajay Pal Yadav
Non - Executive Independent Director

Place: Alwar

Date: January 16, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, or guidelines, or regulations issued by the Government of India or the rules, or guidelines, or regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, the Securities and Exchange Board of India Act, 1992, or the rules made or the guidelines or regulations issued thereunder, as the case may be. We further certify that all the statements made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Rajat

Rajat Raj Yadav
Non - Executive Independent Director

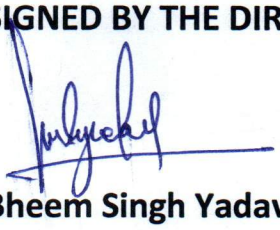
Place: Alwar

Date: January 16, 2024

DECLARATION

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SIGNED BY THE DIRECTOR OF OUR COMPANY



Bheem Singh Yadav
Non - Executive Independent Director

Place: Alwar

Date: January 16, 2024