



(Please scan this QR Code to view Addendum)

 Committed to Quality
SNEHAA ORGANICS
SNEHAA ORGANICS LIMITED
CIN: U24290TG2022PLC164443

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	EMAIL & TELEPHONE	WEBSITE
Plot No 290 & 291, Dulapally Adjacent to Ida Jeedimetla, Quthbullapur, Rangareddi, Hyderabad, Telangana- 500055	-	Ms. Poonam Jain Company Secretary & Compliance Officer	cfo@snehaaorganics.com +91 8309404803	https://snehaaorganics.com/
NAME OF PROMOTER(S) OF THE COMPANY				
MR. NANDIGALA VENKATA SAI HARISH, MR. NANDIGALA VENKATA SAI KIRAN AND MS. SAMHITHA REDDY TERA				
DETAILS OF OFFER TO PUBLIC, PROMOTERS/ SELLING SHAREHOLDERS				
Type	Fresh Issue Size (Rs. in Lakh)	OFS* Size (Rs. in Lakh)	Total Issue Size (by amount in Rs. Lakh)	Eligibility & Share Reservation among NII & RII
Fresh Issue	Up to 26,79,000 Equity Shares of face value ₹ 10/- each at a price of ₹ ● per equity share aggregating to ₹ ● lakhs	NA	Up to 26,79,000 Equity Shares of face value of ₹ 10/- each at a price of ₹ ● per equity share aggregating to ₹ ● Lakh	The Issue is being made pursuant to Regulation 229 (2) of SEBI (ICDR) Regulations as the Company's post issue paid-up capital is more than 10 crore rupees and upto 25 crore rupees. For details in relation to share reservation among QIB, NIIs and RIIs, see "Issue Structure" on page 429 of this Draft Red Herring Prospectus.
*OFS: Offer for Sale				
Details of OFS by Promoter(s)/ Promoter Group/ Other Selling Shareholders (upto maximum of 10 shareholders)				
Name of Selling Shareholder	Type	No. of equity shares offered/ Amount in Rs.	WACA in Rs. Per Equity Shares	
NA				
WACA: Weighted Average Cost of Acquisition on fully diluted basis				
RISKS IN RELATION TO THE FIRST ISSUE				
This being the first public issue of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10/- each and the Issue Price is ● times of the face value of the Equity Shares. The Issue Price (determined and justified by our Company in consultation with the Lead Manager as stated in "Basis for Issue Price" on page 112 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.				
GENERAL RISK				
Investments in Equity and Equity related securities involve a degree of risk and investors should not invest any funds in this 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 issued 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 Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 37 of this Draft Red Herring Prospectus.				
ISSUER'S ABSOLUTE RESPONSIBILITY				
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue which is material in the context of this Issue, that the information contained in this 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 of our Company offered through this Draft Red Herring Prospectus are proposed to be listed on the Emerge Platform of National Stock Exchange of India Limited in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. Our Company has received an approval letter dated ● from National Stock Exchange of India Limited for using its name in the Draft Red Herring Prospectus for listing of our shares on the Emerge Platform of National Stock Exchange of India Limited. For the purpose of this Issue, National Stock Exchange of India Limited shall be the Designated Stock Exchange.				
LEAD MANAGER TO THE ISSUE			REGISTRAR TO THE ISSUE	
 Fasttrack Finsec Category-I Merchant Banker FAST TRACK FINSEC PRIVATE LIMITED SEBI Registration No. INM000012500 Registered Office: Office No. V-116,1st Floor, New Delhi House, 27, Barakhamba Road, New Delhi - 110001 Tel No.: +91-9910990488 Contact Person: Ms. Sakshi/ Mr. Wajahat Ali Khan Email:mb@ftfinsec.com; investor@ftfinsec.com Website: www.ftfinsec.com			 SKYLINE FINANCIAL SERVICES PRIVATE LIMITED SEBI Registration No.: INR000003241 Registered office:D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020 Tel No: +91-11-40450193-97,26812682, 011-26812682; Fax No: +91-11-26812683 Contact Person: Mr. Anuj Rana Email: viren@skylinerta.com Website: www.skylinerta.com	
OFFER PROGRAMME				
BID/ISSUE FOR ANCHOR INVESTORS: ●		BID/ISSUE OPENS ON: ●		BID/ISSUE CLOSES ON: ●

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

** Our Company in consultation with the BRLM, 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.

THIS IS A PUBLIC ANNOUNCEMENT FOR INFORMATION PURPOSES ONLY. THIS IS NOT A PROSPECTUS ANNOUNCEMENT AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR UNITS OR SECURITIES. NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY OUTSIDE INDIA.

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SNEHAA ORGANICS
SNEHAA ORGANICS LIMITED
CIN: U24290TG2022PLC164443

Our company was originally formed as partnership firm under the Indian Partnership Act, 1932 in the name and style of “M/s. Snehaa Pharma Chemicals”, pursuant to a deed of partnership dated October 26, 2017. Further, “M/s Snehaa Pharma Chemicals” was converted from partnership firm to a Private Limited Company in the name of “Snehaa Organics Private Limited” vide Certificate of Incorporation dated July 05, 2022 issued by Registrar of Companies, Central Registration Centre, bearing CIN U24290TG2022PTC164443. Thereafter, our Company was converted into a Public Limited Company pursuant of a special resolution passed by the members of our Company at the Extra Ordinary General Meeting held on December 18, 2024. A fresh Certificate of Incorporation consequent to conversion was issued on January 07, 2025 by the Registrar of Companies, CPC, Manesar Haryana and consequently the name of our Company was changed from “Snehaa Organics Private Limited” to “Snehaa Organics Limited”. The Company’s Corporate Identification Number is U24290TG2022PLC164443. For further details of our company please refer to section titled “Our History and Certain Other Corporate Matters” beginning on page no. 239 of this Draft Red Herring Prospectus.

Registered Office: Plot No 290 & 291, Dulapally Adjacent to Ida Jeedimetla, Quthbullapur, Rangareddi, Hyderabad, Telangana- 500055

Telephone No.: +91 8309404803; **Website:** <https://snehaaorganics.com/> **E-Mail:** cfo@snehaaorganics.com

Company Secretary and Compliance Officer: Ms. Poonam Jain;

PROMOTERS OF THE COMPANY: MR. NANDIGALA VENKATA SAI HARISH, MR. NANDIGALA VENKATA SAI KIRAN
AND MS. SAMHITHA REDDY TERA

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED MARCH 31, 2025: NOTICE TO THE INVESTOR (“THE ADDENDUM”)	
INITIAL PUBLIC ISSUE OF 26,79,000 EQUITY SHARES OF FACE VALUE RS. 10/- EACH OF SNEHAA ORGANICS LIMITED. (“SNEHAA” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [●]/-PER EQUITY SHARE (“ISSUE PRICE”) INCLUDING A SHARE PREMIUM OF [●]/- PER EQUITY SHARE), AGGREGATING TO RS. [●] LAKHS (“THE ISSUE”), OUT OF WHICH, [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●]/- PER EQUITY SHARE AGGREGATING TO RS. [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER (“MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT AN ISSUE PRICE OF RS. [●]/- PER EQUITY SHARE AGGREGATING TO RS. [●] LAKHS IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●]AND [●], RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. FOR FURTHER DETAILS, KINDLY REFER TO CHAPTER TITLED “TERMS OF THE ISSUE” BEGINNING ON PAGE NO. 383 OF THIS DRAFT RED HERRING PROSPECTUS. 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 [●](A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITIONS OF [●](WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, AND A REGIONAL NEWSPAPER WHERE OUR REGISTERED OFFICE IS LOCATED, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE SME PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE EMERGE) FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE.	
POTENTIAL BIDDERS MAY NOTE THE FOLLOWING	
1. The Chapter titled “Risk Factors” beginning on page 37 of the Draft Red Herring Prospectus has been updated 2. The Chapter titled “General Information” beginning on page 75 of the Draft Red Herring Prospectus has been updated. 3. The Chapter titled “Objects of the issue” beginning on page 102 of the Draft Red Herring Prospectus has been updated. 4. The Chapter titled “Our Business” beginning on page 178 of the Draft Red Herring Prospectus has been updated. 5. The Chapter titled “Key Regulations and Policies” beginning on page 226 of the Draft Red Herring Prospectus has been updated 6. The Chapter titled “Our History and Certain Other Corporate Matters” beginning on page 239 of the Draft Red Herring Prospectus has been updated 7. The Chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 337 of the Draft Red Herring Prospectus has been updated. 8. The Chapter titled “Outstanding Litigations and Material Developments” beginning on page 357 of the Draft Red Herring Prospectus has been updated. 9. The Chapter titled “Government and Other Statutory Approval” beginning on page 365 of the Draft Red Herring Prospectus has been updated	
LEAD MANAGER	REGISTRAR TO THE ISSUE
 Fasttrack Finsec Category-I Merchant Banker FAST TRACK FINSEC PRIVATE LIMITED SEBI Registration No. INM000012500 Registered Office: Office No. V-116, 1st Floor, New Delhi House, 27, Barakhamba Road, New Delhi - 110001 Tel No.: +91-9910990488 Contact Person: Ms. Sakshi/ Mr. Wajahat Ali Khan Email: mb@ftfinsec.com; investor@ftfinsec.com Website: www.ftfinsec.com	 SKYLINE FINANCIAL SERVICES PRIVATE LIMITED SEBI Registration No.: INR000003241 Registered office: D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110020 Tel No: +91-11-40450193-97, 26812682, 011-26812682; Fax No: +91-11-26812683 Contact Person: Mr. Anuj Rana Email: viren@skylinerta.com Website: www.skylinerta.com
OFFER PROGRAMME	
BID/ISSUE FOR ANCHOR INVESTORS: [●]	
BID/ISSUE OPENS ON: [●]	BID/ISSUE CLOSES ON: [●]

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

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

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SECTION III – RISK FACTORS

5. *There may be potential conflict of interests between Our Company, Promoter Group Entities, Group Companies/Entities which are in similar businesses to ours, and this may result in potential conflict of interest with us.*

Our Promoter Group Company i.e., TCR Chemicals and Group Company i.e. Magnus Life Sciences Private Limited is involved in line of business that may potentially compete with our Company. We may hence have to compete with our Promoter Group Entities for business, which may impact our business, financial condition and results of operations. The interests of our Promoters or Promoter Groups may also conflict in material aspects with our interests or the interests of our shareholders. For further details, please refer “Our Promoter and Promoter Group” beginning on page no.259 of this Draft Red Herring Prospectus. Further, our Promoters may become involved in ventures that may potentially compete with our Company. The interests of our Promoters or Promoter Groups, Group Companies may conflict with the interests of our other Shareholders and our Promoters may, for business considerations or otherwise, cause our Company to take actions, or refrain from taking actions, in order to benefit themselves instead of our Company's interests or the interests of its other Shareholders and which may be harmful to our Company's interests or the interests of our other Shareholders, which may impact our business, financial condition and results of operations.

7. *We are subject to certain risks arising from our operations involving hazardous substances, and the requirement to obtain and maintain necessary approvals and licenses.*

Our business operations involve the handling, purification, recycling, storage, and transportation of various hazardous and corrosive substances and chemicals, including certain raw materials that are toxic and flammable. These activities inherently expose us to significant risks such as leakages, ruptures, explosions, fires, or the release of hazardous substances, which may result in personal injury, property damage, environmental contamination, regulatory action, and reputational harm. While no such incident has occurred to date, we cannot guarantee the absence of such occurrences in the future.

We may be required to obtain and maintain various statutory licenses and approvals from regulatory authorities to carry out activities involving hazardous substances. Furthermore, we have entered into a third-party arrangement for certain activities that would otherwise require authorization from the Central Pollution Control Board (CPCB), and therefore, we are not required to obtain a separate CPCB license as of now.

However, depending on the scale and nature of our future operations or due to changes in applicable regulatory frameworks, we may be required to obtain additional licenses or approvals. Any failure to obtain, maintain, or renew such approvals in a timely manner, or comply with applicable environmental, safety, and operational regulations, may result in the imposition of penalties, suspension of operations, or revocation of licenses by the competent authorities.

Moreover, any unforeseen incidents involving hazardous materials could lead to civil or criminal liability, disruption of operations, or forced shutdown of our manufacturing facilities, any of which could have a material adverse effect on our business, financial condition, and results of operations.

20. *Any fluctuations in prices of our materials or shortage in supply of chemicals for trading in our products, could adversely impact our business and our profitability.*

Our Company is dependent on the various chemicals required for the trading of our products. Thus, We do not have long-term supply agreements with our suppliers and procure chemicals on an order-to-order basis. Any significant increase in the cost of key chemicals or supply shortages could raise our procurement costs, potentially affecting our profitability. If we are unable to pass on these increased costs to consumers, our financial performance may be adversely impacted.

24. We require various licenses and approvals for undertaking our businesses and the failure to obtain or retain such licenses or approvals in a timely manner, or at all, may adversely affect our operations.

Our business is subject to various government regulations and we require approvals, licenses, registrations and permissions for operating our business.

We are also required to renew certain approvals and licenses from time to time, and may be required to obtain new licenses and permissions as our operations expand. Any failure to obtain or renew such approvals, or comply with applicable laws and regulations, could result in penalties or sanctions by relevant authorities. For further details, see “Government and Other Statutory Approvals” beginning on page of this Draft Red Herring Prospectus.

If we are unable to obtain or renew the required licenses and approvals in a timely manner or at all, or if the terms on which they are granted are not favorable, our business operations, financial condition and results of operations may be adversely affected.

SECTION IV-INTRODUCTION THE ISSUE

GENERAL INFORMATION

CHANGE IN STATUTORY AUDITORS DURING THE LAST THREE (3) YEARS

There have been no changes in our Company's auditors in the last (3) years except, mentioned below:

Name of Auditor	From	To	Date of Change	Reason for change
Saranga Pani & Co.	05/07/2022	31/03/2023	04/05/2023	Resignation as Statutory Auditor of the Company due to Pre-occupation.
Sumalatha & Associates	01/04/2023	31/03/2028	30/09/2023	Appointment as Statutory Auditor of the Company due to Resignation of Previous Auditor of the Company.
Sumalatha & Associates	01/04/2023	31/03/2028	16/12/2024	Resignation as Statutory Auditor of the Company due to pre-occupation of other assignments. Our Company require peer review auditor for the purpose of IPO.
Phanindra & Associates	01/04/2024	31/03/2025	17/12/2024	Appointment as Statutory Auditor of the Company due to Resignation of Previous Auditor of the Company. Phanindra & Associates are peer reviewed firm of Auditors.

OBJECTS OF THE ISSUE

Details of Utilization of Issue Proceeds

1. Working Capital Requirement:

Justification:

Inventory	Inventory refers to the raw materials, stock in trade, and finished goods that a company holds for trading and production purposes. Past trend of inventory holding period has been between the ranges of 12 to 49 days in the last financial years/ stub period. Inventory holding days for FY 2025-26 and FY 2024-25 and for stub period is 55,92,86 days respectively. This increase is attributable to company had constructed a storage facility leading to higher inventory levels for supply in the market during suitable or favorable conditions and this will also lead to margin expansion. For the FY 2025-26, there is shift in business model i.e. reducing dependency from job work to purchase and process. This will led to significant increase in the cost of goods sold and thus resulting in less inventory days based on absolute values. Year on Year Justification From FY 2021-22 to FY 2022-23 Increase in Inventory Inventory increased by 12.35% in FY 2022-23, from ₹87.47 crore to ₹98.27 crore. As a percentage of Revenue from Operations, inventory rose from 4.02% in FY 2021-22 to 4.89% in FY 2022-23. This was due to the following reason: ➤ Improved Capacity Utilisation The company's capacity utilisation improved from 75.02% to 82.22% during FY 2022-23. This required maintaining slightly higher inventory levels to support increased production activity. Higher Holding Days Inventory holding days increased significantly from 12 days in FY 2021-22 to 35 days in FY 2022-23. This rise is notable despite only a modest increase in inventory value due to the following reason: ➤ Change in Material Sourcing In FY 2021-22, due to a shortage of materials required for job work from vendors, the company procured raw materials externally and performed flash recycling in-house. This led to higher cost of goods sold since both material cost and processing cost were recorded, unlike job work where only job work charges are booked. As a result, inventory levels appeared lower and holding days reduced artificially in FY 2021-22. From FY 2022-23 to FY 2023-24
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In FY 2023-24, the company reported a significant reduction in inventory levels, decreasing from ₹98.27 crore in FY 2022-23 to ₹39.04 crore. As a percentage of Revenue from Operations, inventory dropped from 4.89% to 1.65%, and inventory holding days reduced from 35 days to 21 days.

This decrease was primarily driven by operational improvements—specifically, the modification and capacity enhancement of one of the company’s stainless steel (SS) kettles from 5KL to 10KL. This upgrade enabled higher throughput in solvent recycling, with recycled volumes increasing from 5,920 MT in FY 2022-23 to 6,439 MT in FY 2023-24 (9% increase).

The increased recycling capacity allowed for more efficient utilisation of materials, reducing the need to hold excess inventory. As a result, the company achieved better inventory turnover and improved overall working capital efficiency.

In stub period

Introduction of Quality Check Machinery: During the stub period of FY 2024, the company commissioned advanced quality check machinery. This upgrade significantly improved the precision in testing and analysing job work materials. With better quality assurance in place, the company was able to accept and process a higher volume of raw materials that met its improved standards. This directly contributed to an increase in inventory, as more material passed inspection and was retained for production use.

Improved Capacity Utilisation: The company also achieved improved capacity utilisation during this period from 81.30% in FY 2023-24 to 90.91% in stub period. With better machinery and enhanced operational efficiency, production planning became more robust, encouraging higher intake of raw materials to support the increased output. The anticipation of higher production volumes led to a deliberate build-up of inventory to avoid disruptions in the supply chain.

Additional Storage Space: Another major factor was the addition of new rented storage facilities that became fully operational during FY 2024-25. This expansion in warehousing capacity enabled the company to stockpile raw materials more effectively. As a result, it took advantage of favourable market conditions and bulk purchasing opportunities to secure input materials for upcoming orders.

From FY 2023-24 to FY 2024-25

In FY 2025, the company commissioned advanced quality check machinery, which significantly enhanced the precision of testing and analysis of job work materials. This improvement in quality assurance enabled the company to accept and retain a higher volume of raw materials that met the upgraded standards, directly contributing to increased inventory for production use. During the same period, the company also increased its installed capacity from 7,920 MTS in FY 2024 to 8,640 MTS in FY 2025. The combination of improved machinery and enhanced operational efficiency led to more robust production planning, encouraging greater intake of raw materials to meet the anticipated rise in output. To support this growth, the company expanded its storage capabilities by adding new rented warehousing facilities, which became fully operational in FY 2025. This additional storage space allowed for effective stockpiling of raw materials and enabled the company to take advantage of favourable market conditions and bulk purchasing opportunities to secure input materials for upcoming production needs.

	From FY 2024-25 to FY 2025-26 The increase in estimated inventory levels for FY 2026 is primarily driven by a strategic shift in the company's business model—from job work to a purchase-and-process approach. Under the new model, the company procures raw materials directly and processes them in-house, resulting in a higher buildup of both raw material and finished goods inventory yet to be sold in open market. This transition necessitates holding more inventory at various production stages, thereby contributing to the overall rise in inventory levels. In contrast, the job work model typically involved minimal inventory, limited to excess processed material intended for open market sale, as the majority of processed material was returned to the customer. With the company anticipating a decline in job work activities in FY 2026, inventory holdings will increase under the new model to support direct procurement and in-house processing operations.
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The increase in working capital requirement from ₹773 lakhs in FY 2024–25 to ₹4,699 lakhs in FY 2025–26 is primarily driven by a strategic transformation in the Company's business model from predominantly job work operations to direct procurement and in-house processing of raw materials sourced from the open market. Under the previous job work model, working capital needs were minimal, as raw material procurement and inventory management were largely vendor-driven. However, the revised approach requires the Company to fund the purchase of raw materials upfront, maintain higher inventory levels for 1–2 months, and manage extended customer credit cycles ranging from 150 to 180 days.

This shift has resulted in a significant increase in trade receivables and inventory holdings, while supplier credit has substantially reduced due to advance payment requirements in auction-based procurement. Consequently, the benefit of trade payables in offsetting working capital needs has diminished. Despite the rise in capital requirements, this model allows the Company greater control over input quality, enables selective sourcing of higher-yielding materials, and targets full capacity utilization and margin enhancement.

The transition is expected to materially improve efficiency and profitability over time. To support this shift, the Company plans to finance the increased working capital through internal accruals, enhanced working capital limits, and equity funding.

2. Repayment of loans availed by our Company

Our Company obtained a term loans from the HDFC Bank Ltd. for the purpose of purchase of commercial vehicles vide dated 22.11.2024, to meet the working capital requirements vide dated 07.01.2025 and Term Loan vide dated 09.01.2025. A sum of Rs. 350 Lakhs from the net proceeds will be utilized to prepay the loans. Our Company's cash accruals can then be utilized for further business expansion, reducing the debt service coverage ratio and increasing reserves and surplus.

The detail of loan are as follows: -

(All amounts in ₹ lacs, unless otherwise stated)

Name of Lender	HDFC Bank Ltd.
Purpose	Purchase of Commercial Vehicles
Date of Sanction of Loan	22.11.2024

Date of Disbursement	22.11.2024
Amount Sanctioned	118.50 (39.50 * 3 Loans)
Repayment Schedule	10th of Every Month
Principal Amount Outstanding as on 28th March, 2025	Rs. 110.09 Lacs
Principal Amount outstanding as on 31st December 2024	Rs. 118.50 Lacs
Rate of Interest	8.75% p.a.
Primary Security	Motor Vehicles purchased
Collateral Security	Not Applicable.
Personal Guarantee	Not Applicable.

(All amounts in ₹ lacs, unless otherwise stated)

Name of Lender	HDFC Bank Ltd.
Purpose	Term Loan
Date of Sanction of Loan	07.01.2025
Date of Disbursement	07.01.2025
Amount Sanctioned	150.00 lacs
Repayment Schedule	07th of Every Month
Principal Amount Outstanding as on 28th March, 2025	Rs. 147.42 Lacs
Principal Amount outstanding as on 31st December 2024	-
Rate of Interest	9.1% p.a
Primary Security	Hypothecation on Stock, Receivables
Collateral Security	CGSTMSE*, Plant and Machinery
Personal Guarantee	Not Applicable.

(All amounts in ₹ lacs, unless otherwise stated)

Name of Lender	HDFC Bank Ltd.
Purpose	Term Loan

Date of Sanction of Loan	09.01.2025
Date of Disbursement	09.01.2025
Amount Sanctioned	250.00 lacs
Repayment Schedule	07th of Every Month
Principal Amount Outstanding as on 28th March, 2025	Rs. 247.86 Lacs
Principal Amount outstanding as on 31st December 2024	-
Rate of Interest	9.1% p.a
Primary Security	Hypothecation on Stock, Receivables
Collateral Security	CGSTMSE*, Plant and Machinery
Personal Guarantee	Not Applicable.

* Credit guarantee fund trust for micro small enterprise

For more details on secured and unsecured loans of the company please refer page no. under chapter titled “Financial Indebtedness” of the RHP.

Note: Certificate dated March 28, 2025 issued by the Statutory Auditors of our Company, M/s Phanindra & Associates, Chartered Accountant vide UDIN: 25222868BMLJRX3553 certify the utilization of loan for the purpose availed.

4. Issue Related Expenses

The expenses for this Issue include issue management fees, underwriting fees, registrar fees, legal advisor fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed Rs [●] Lakh.

(Rs. In Lakh)

S.No.	Particulars	Amount (Rs. in Lakhs)	% of Total Expenses	% of Total Issue Size
1	Lead manager(s) fees including underwriting commission.	[●]	[●]	[●]
2	Brokerage, selling commission and upload fees.	[●]	[●]	[●]
3	Registrars to the issue	[●]	[●]	[●]
4	Legal Advisors	[●]	[●]	[●]
5	Printing, advertising and marketing expenses	[●]	[●]	[●]
6	Regulators including stock exchanges	[●]	[●]	[●]
7	Others, if any (Advisors to the company, Peer Review Auditors, and other misc. expenses)	[●]	[●]	[●]
Total		[●]	[●]	[●]

SCHEDULE OF IMPLEMENTATION

We propose to deploy the Net Proceeds for the previously mentioned purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below.

(Amount in Lakh)

S. No.	Particulars	Amount to be funded from proceed	Expenses incurred till March 28, 2025	Estimated Utilisation of Net Proceeds (F.Y. 2025-26)
1.	To meet Working Capital Requirement	2660.18	[•]	2660.18
2.	Repayment of Loans availed by the Company	350.00	[•]	350.00
3.	General Corporate Purposes	[•]	[•]	[•]
4.	Issue Expenses	[•]	24.33	[•]
Total		[•]	[•]	[•]

To the extent our Company is unable to utilize any portion of the Net Proceeds towards the Objects, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the Objects.

SECTION V- ABOUT THE COMPANY

OUR BUSINESS

SOLVENT DISTILLATION DETAIL BUSINESS PROCESS FLOW (JOB WORK)

The entire process at our Solvent Distillation Plant is carried out in a structured and systematic manner, ensuring efficiency, safety, and quality check at each stage. Below is a comprehensive breakdown of the entire process:

1. Raw Material Receipt and Initial Quality Control

- **Receipt of Spent Solvents:** Spent solvents are delivered to the plant in road tankers or drums from various customers for job work. Upon arrival, the materials are logged into the system by the security and staff.
- **Verification and Sample Collection:** The personnel verify and inward the raw material before notifying the QC (Quality Control) department. The QC team collects representative samples of the spent solvents following the established sampling procedure and performs initial analysis to ensure the material meets the required specifications.
- **Quality Approval:** The QC department evaluates the sample against established specifications. If the sample passes the tests, the material is approved for further processing. In case of non-compliance, the raw material is rejected.

2. Storage and Unloading

- **Initial Weighment:** Upon approval, the vehicle undergoes an initial weighment to capture the gross weight of the spent solvent.
- **Unloading into Storage Tanks:** The spent solvents are unloaded into spent solvent storage tanks. After unloading, the vehicle is weighed again to ensure the correct amount of material has been received and verify against the initial weighment for any discrepancies.

3. Pre-Treatment and Distillation

- **Neutralization (if required):** If the raw material requires neutralization (neutralization is a chemical process used to balance the potential of hydrogen of a substance by adding an acid or a base), it is transferred from the storage tanks into a reactor for neutralization. Following neutralization, the solvent is then pumped into a distillation kettle.
- **Distillation Process:** The spent solvents are processed through a packed distillation column. Some of the distillate is returned to the column as reflux to enhance the separation process. The distillation is performed at controlled temperatures, with the fraction collection beginning once the column reaches the necessary conditions.
- **Fraction Collection:** Operators collect the distillates in fractions while monitoring the purity at each stage. A sample from the reflux line is sent to QC for analysis to ensure the desired purity level is achieved.

4. Quality Control and Final Product Collection

- **QC Approval:** Once the sample from the reflux line attains the required purity level, the QC department gives final approval. At this stage, the distillate is considered the pure product and is collected in stainless steel (S.S.) storage tanks.

- **Residue Handling:** After the distillation process is completed, the residue left in the kettle is unloaded into MS drums. These residues are then sent to co-processing industries, such as cement plants, for safe disposal.
- **Final Quality Check:** The collected pure product undergoes thorough analysis. If the product (purified solvent) meets all specified quality parameters, QC approves it for dispatch. If the product does not meet the specifications, the batch is rejected and sent for redistillation.
- **Final Approval and Dispatch:** After receiving the necessary approvals and documentation from all concerned departments, security logs the dispatch details in the outward register. The vehicle is then cleared for dispatch to the customer.

5. Distribution of Final Output:

- The finished product is returned to the customer based on the committed or agreed recovery percentage.
- Any excess recovered solvent, beyond the customer's share, is kept with Sneha and sold in the open market.
- Additionally, distillation fractions possessing partial purity may also be sold commercially, depending on quality and market demand.

6. Packaging, Documentation, and Dispatch

- **Product Packaging:** Once the finished product is approved by QC, it is stored in the storage area and prepared for dispatch. The storage area's personnel clean the road tanker and load the finished product. The product is weighed and ready for transport.
- **Documentation:** The following documents are prepared for dispatch:
 - Invoice
 - E-waybill
 - Certificate of Analysis (COA)
 - Tanker Cleaning Certificate

These documents ensure that the product meets all safety, quality, and legal requirements.

7. Customer Delivery and Post-Delivery Support

- **Customer Delivery:** The dispatched vehicle arrives at the customer's location, where the finished product is offloaded, and the customer receives the necessary documents, including the COA and invoice.

Post-Delivery Support: Our marketing and customer service team ensures that the customer is satisfied with the product. Any concerns or feedback are promptly addressed to maintain strong relationships and ensure future business.

KEY REGULATIONS AND POLICIES

Key Legislations Applicable to our Business

(A) Labour Laws

India's regulatory framework encompasses a comprehensive array of labour laws that govern various aspects of employment and workplace conditions within the company. Important labour/employment laws applicable to the Company are as follows-

i. **The Factories Act, 1948;**

Applicable to factories and industrial establishments employing 10 or more workers (with power) and 20 or more workers (without power). Enacted to regulate working conditions, ensure worker safety, health, and welfare, and prevent hazards in manufacturing processes. It mandates provisions for working hours, leave, ventilation, hazardous processes, and accident prevention to promote a safe and healthy work environment.

ii. **Employees' Compensation Act, 1923;**

The Employees' Compensation Act, 1923 (formerly known as the Workmen's Compensation Act, 1923) is a social security legislation enacted in India to provide financial protection to employees or their dependents in the event of injury, disability, or death arising out of and in the course of employment. The Act applies to employers and employees in specified types of employment, especially those engaged in hazardous or manual work such as factories, mines, construction, plantations, transport, and other notified sectors.

iii. **Workmen's Compensation Act, 1923;**

The Workmen's Compensation Act, 1923 was enacted by the Government of India to provide financial protection to workmen and their dependents in case of accidental injury, disability, or death arising out of and during the course of employment. Applies to employers and employees engaged in certain types of hazardous or manual occupations, as specified in Schedule II of the Act. It Covers both directly employed workers and those employed through contractors.

iv. **Employees (Provident Fund and Miscellaneous Provisions) Act, 1952-**

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 is a key piece of labour welfare legislation in India. It was enacted to provide social security to employees working in factories and other establishments through a system of compulsory savings for retirement, pension, and insurance. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 applies to every establishment that employs 20 or more persons and is engaged in any of the industries specified in Schedule I of the Act, or any other establishment that the Central Government may notify.

v. **The Employees' State Insurance Act, 1948**

The Employees' State Insurance Act, 1948 is a social welfare legislation enacted by the Government of India to provide medical, cash, maternity, disability, and dependent benefits to workers. It establishes a

self-financing social security and health insurance scheme for Indian workers, especially in the organized sector. The main objective of the ESI Act is to offer financial and medical protection to employees and their families during sickness, maternity, disability, or death due to employment injury. It ensures that workers have access to medical care and income support during periods when they are unable to earn. Applicable to Companies employing 10 or more workers in hazardous industries. Enacted to offer medical and financial benefits to employees in case of sickness, disability, or workplace injuries.

vi. **Industrial Disputes Act, 1947 And Industrial Dispute (Central) Rules, 1957;**

The Industrial Disputes Act, 1947 is a significant piece of labour legislation in India that aims to promote industrial peace and harmony by providing a legal framework for the investigation and settlement of industrial disputes between employers and workers. The main objective of this Act is to prevent and resolve disputes arising between employers and employees, to maintain industrial peace, and to ensure smooth functioning of industries. It lays down procedures for conciliation, adjudication, and voluntary arbitration, helping to avoid strikes, lockouts, and other disruptions. The Industrial Disputes (Central) Rules, 1957 are a set of regulations framed under the Industrial Disputes Act, 1947 to govern the procedure for the settlement and adjudication of industrial disputes at the central level in India. These rules provide a framework for the conciliation, arbitration, and adjudication of disputes between employers and employees in industries under central jurisdiction, such as railways, mines, oilfields, and public sector undertakings.

vii. **Payment of Bonus Act, 1965;**

The Payment of Bonus Act, 1965 is a labour law enacted to ensure that employees in certain establishments receive a share in the profits of the organization in the form of an annual bonus. The Payment of Bonus Act, 1965 is applicable to every factory and every other establishment employing twenty (20) or more persons. Every employee shall be entitled to be paid by his employer in an accounting year, bonus, in accordance with the provisions of this Act, provided he has worked in the establishment for not less than thirty working days in that year.

viii. **The Minimum Wages Act, 1948;**

The Minimum Wages Act, 1948 is a significant labour law enacted by the Government of India to ensure that workers in various industries are paid a minimum wage for their work, preventing exploitation and ensuring fair compensation. The Act applies to workers employed in scheduled employments such as factories, mines, agriculture, construction, and more, as specified by the government. The Act empowers the Central and State Governments to set and revise minimum wage rates periodically, based on factors like the cost of living, skill levels, and industry norms. It mandates that employers must pay their employees at least the minimum wage, which can include basic wages and allowances like dearness allowance.

ix. **The Payment of Wages Act, 1936;**

The Payment of Wages Act, 1936 is a labour law designed to ensure that workers are paid their wages promptly and without unauthorized deductions. The Act applies to workers employed in factories, railways, mines, and other specified establishments where the wages are below a certain limit. It applies to factories, industrial establishments, and other notified sectors, covering employees earning up to a specified wage limit. The Act mandates regular payment, legal modes of transaction, and protection of workers' financial rights.

x. **Maternity Benefit Act, 1961;**

The Maternity Benefit Act, 1961 is a labour law in India that provides for maternity benefits and protects the employment of women during the time of their maternity leave. The Act applies to factories, mines, and establishments with 10 or more employees and guarantees that women are entitled to a paid maternity leave of up to 26 weeks for the birth of a child. The Act also covers women who have worked for a minimum of 80 days in the 12 months immediately preceding the date of delivery. The Maternity Benefit Act is a significant step in promoting gender equality at work by ensuring that women can balance work and family responsibilities without compromising their economic security.

xi. **Payment of Gratuity Act, 1972;**

The Payment of Gratuity Act, 1972 is a law that provides a gratuity benefit to employees who have worked for a certain period in an organization, as a form of reward for long service. The Act applies to factories, mines, shops, and other establishments with 10 or more employees. Employees are eligible for gratuity after completing a minimum of five years of continuous service with the same employer. The amount of gratuity is calculated based on the employee's last drawn salary and the number of years worked, with the formula being 15 days' wages for every completed year of service. The Payment of Gratuity Act is a crucial element of employee welfare, providing financial security for employees after the end of their employment.

xii. **Equal Remuneration Act, 1976;**

The Equal Remuneration Act, 1976 is a law designed to ensure equal pay for equal work for both men and women in India, aiming to eliminate gender-based wage discrimination in the workplace. The Act mandates that employers must pay equal remuneration to men and women workers for performing the same or similar work or work of equal value, thereby promoting gender equality in employment. The law prohibits discrimination in recruitment, training, promotions, or conditions of service based on gender. It applies to all establishments, whether in the public or private sector, and covers factories, mines, and other establishments. The Equal Remuneration Act plays a significant role in promoting fairness and equality at work, striving to remove the barriers of gender-based pay disparity.

xiii. **The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986**

The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986 is a law enacted in India to prohibit the employment of children below the age of 14 years in certain hazardous occupations and regulate the working conditions of adolescents (14 to 18 years). The primary aim of the Act is to prevent the exploitation of children by prohibiting their employment in dangerous or unhealthy jobs, particularly in sectors like factories, mines, and hazardous industries. It also provides for the rehabilitation and education of children who are rescued from labour. The Act is part of India's efforts to eliminate child labour and ensure that children and adolescents are protected and provided with opportunities for education and healthy development.

xiv. **Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 is a law enacted to prevent and address sexual harassment of women in the workplace in India. The Act aims to create a safe and secure working environment for women by prohibiting sexual harassment, providing a

mechanism for redressal, and ensuring strict action against offenders. The law applies to all workplaces, both in the public and private sectors, including offices, factories, educational institutions, and even domestic work. It defines sexual harassment as any unwelcome behaviour, including physical, verbal, or non-verbal conduct of a sexual nature, which creates an intimidating, hostile, or offensive work environment. However Internal Complaints Committee (ICC) compliance is only needed for establishments with ten or more employees.

xv. **The Apprentices Act, 1961**

The Apprentices Act, 1961 is a law enacted to regulate and promote the training of apprentices in various industries and establishments in India. The Act aims to provide a structured system of vocational training for young individuals, helping them gain skills and knowledge in specific trades, thereby improving their employability. The Act applies to establishments that have a training program for apprentices and mandates that employers provide both on-the-job training and theoretical education in certain trades. It defines the roles and responsibilities of both apprentices and employers, including the terms of apprenticeship, working conditions, and remuneration. Aim to regulate and control the training of apprentices in India, ensuring a skilled workforce by providing practical training and bridging the gap between academia and industry. It applies to all establishments with 30 or more employees, mandating them to engage apprentices in designated trades.

xvi. **The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979**

The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 is a labour law designed to protect the rights and welfare of migrant workers who move from one state to another for work in India. The Act aims to regulate the conditions of employment and ensure the fair treatment of migrant workers, who are often vulnerable to exploitation due to their transient nature of employment. It applies to establishments that employ five or more migrant workers who have been recruited through an agency or contractor from a different state. The Act mandates that employers provide migrant workers with certain protections, including fair wages, proper housing, medical facilities, and safety measures while working. It also requires employers to maintain registers documenting details of migrant workers, their wages, and other employment terms. The law specifically ensures that migrant workers are entitled to the same working conditions and benefits as local workers, including adequate wages and employment security.

OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

MAJOR EVENTS AND MILESTONES IN THE HISTORY OF THE COMPANY

The Table below sets forth some of the major events in the history of our company:

Year	Key Events/ Milestone/ Achievements
2017	Originally started business to act as Distillation of Solvents and manufacture of pharma chemicals as a partnership firm in the name of “M/s Snehaa Pharma Chemicals”
2017*	Establishment of Manufacturing Plant.
2022	Incorporation of the Company as Private Limited Company from partnership firm in the name of Snehaa Organics Private Limited.
2025	Conversion of the Company from Private Limited to Public Limited.

**Promoter has acquired the M/s. Snehaa Pharma Chemicals as a going concern, and the manufacturing operations were part of the ongoing business.*

SECTION-VI-FINANCIAL INFORMATION

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

PERIOD ENDED DECEMBER 31, 2024 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2024 (BASED ON RESTATED FINANCIAL STATEMENTS)

Revenues

◆ Total Income

Total Income for the period ended December 31, 2024, stood at Rs. 2,057.72 Lakhs whereas in Financial Year 2023-24 it stood at Rs. 2,380.31 Lakhs, which is almost equivalent to 86.45% of the Total Income registered in full Financial Year 2023-24. This is due to increase in revenue from operations.

During this period, the company enhanced its installed capacity from 660 MT to 720 MT per month through the addition of new equipment such as a kettle and reactor, along with upgrades to existing machinery. These improvements, coupled with the commissioning of advanced quality check systems, significantly boosted operational precision and productivity. As a result, 5,891 MT of solvents were successfully recycled by December 2024, which is 91.49% of the total 6,439 MT recycled in FY 2023–24.

Expenditure

◆ Cost of Material Consumed

Total cost of Material consumed for the Period ended December 31, 2024, stood at Rs. 545.19 Lakh whereas in Financial Year 2023-24 it stood at Rs. 805.42 Lakh, which represents 26.49% and 33.84% of the Total Income of corresponding periods respectively and is almost equivalent to 67.69% of the cost of material consumed incurred in full financial year 2023-24. This lower cost of material consumed, despite higher production levels and an increase in recycled solvent volumes can be attributed to following factors:

- **Operational Efficiency Improvements:** The enhancements made to installed capacity and the introduction of advanced quality control machinery have led to more efficient use of materials. As the same gave more negotiation power to company due to accurate calculations of material examined. These improvements have allowed company to maximize output without proportionally increasing the material consumption, thus reducing wastage and optimizing material usage.
- **Increased Recycling Activity:** With a significant rise in solvent recycling (from 6,439 MT in FY 2023-24 to a 5,891 MT till 31st December, 2024 representing 91.49% solvent recycled in full Financial Year 2023-24, reliance on raw materials had been reduced. By recycling a larger portion of solvents, company effectively lower the need for new materials, which in turn brings down the overall cost of materials consumed.
- **Boiler Steam Efficiency Improvement:** The processing of higher-quality materials, made possible by the introduction of new machinery, has led to an improvement in boiler steam efficiency. With better-quality

feedstock, the boiler system requires less energy to achieve optimal performance, resulting in lower energy consumption per unit of production. This reduction in energy costs further contributes to a decrease in the overall material costs.

- **Process Optimization and Waste Reduction:** Our focus on precision, enabled by the advanced QC machinery, has minimized errors and material losses during production. As a result, company has been able to reduce scrap and waste, which further derived down the cost of materials used.

Conclusion:

First, operational efficiency improvements, such as enhanced installed capacity and the introduction of advanced quality control machinery, have optimized material usage by reducing wastage. This has allowed the company to maximize output without a proportional increase in material consumption. Additionally, increased recycling activity has played a key role, with the company recycling 91.49% of the total solvents in FY 2023–24 by December 2024, significantly lowering the reliance on raw materials.

Further cost reductions were driven by boiler steam efficiency improvements, achieved through processing higher-quality materials, resulting in lower energy consumption. Finally, process optimization and waste reduction enabled by the advanced QC machinery have minimized scrap and material loss, directly contributing to reduced costs.

◆ **Change in Inventory**

Total change in inventory for the Period ended December 31, 2024, stood at Rs. (326.16) lakhs whereas in financial year 2023-24 it stood at Rs. 56.08 lakhs, which represents (15.85) % and 2.36% of the total income of corresponding periods respectively. This is primarily due to closing stock of finished goods of ₹359.36 lakhs with the company. Considering the space constraint in factory, company has rented additional storage space in Jan'23 which was later modified in April 2024 with shed to use it as additional storage space which came into operational and fully utilized in FY 24-25.

During the stub period of FY 2024–25, the company undertook several strategic initiatives that led to a notable increase in raw material inventory. One key development was the **commissioning of advanced quality check machinery**, which significantly enhanced the precision in testing and analysing job work materials. This allowed the company to accept and retain a higher volume of raw materials that met its improved quality standards. Simultaneously, the company achieved **improved capacity utilisation**, rising from **81.30% in FY 2023–24 to 90.91%** during the stub period. This increase in operational efficiency, supported by better machinery and production planning, necessitated a higher intake of raw materials to support growing output levels. In anticipation of continued production demand, the company strategically built-up inventory to ensure seamless operations. Furthermore, the addition of **new rented storage facilities**, which became fully operational during the year, allowed for effective stockpiling. This enabled the company to capitalize on bulk purchasing opportunities and favourable market conditions to secure raw materials for upcoming orders.

◆ **Other Expenses**

The Other Expenses for the Period ended December 31, 2024, stood at Rs. 267.46 Lakhs whereas in Financial Year 2023-24 it stood at Rs. 457.20 Lakhs, which represents 13.00% and 19.21% of the total Income of corresponding periods respectively. This was primarily attributed to a one-time Corporate Meet & Greet event held in the previous fiscal year in Telangana and Andhra Pradesh. This event, aimed at boosting brand image, enhancing employee morale, and ultimately driving revenue growth, incurred a cost of ₹104.70 lakhs. This

event was a one-time expense and is a key reason for the higher Other Expenses in the previous year, making the comparison favorable for the current stub period.

Reason for the decrease:

The higher **Other Expenses** in the previous financial year were primarily due to a one-time **Corporate Meet & Greet event** organized for customers from Telangana and Andhra Pradesh, which incurred a cost of ₹104.70 lakhs. This event was aimed at strengthening the company's brand presence, enhancing employee morale, and fostering long-term customer relationships to support revenue growth. In comparison, the current period reflects a **favourable reduction in Other Expenses**, largely attributable to the absence of this non-recurring cost.

Particulars	31st December, 2024	FY 2023-24	FY 2022-23
Other Expenses	267.46	457.20	357.15
Corporate Hospitality Expenses	-	104.70	-
Adjusted Expenses	267.46	352.5	357.15
Revenue from Operations	2,055.30	2,371.79	2,010.25
% of Revenue	13.01%	14.86%	17.77%

Other than these some fixed cost, which remain constant irrespective of the revenue from operations, decreases other expenses on year on basis.

FISCAL YEAR ENDED MARCH 31, 2024 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2023 (BASED ON RESTATED FINANCIAL STATEMENTS)

Revenues

◆ **Total Income**

Total Income for the Financial Year 2023-24, it stood at Rs. 2,380.31 Lakhs whereas in Financial Year 2022-23 it stood at Rs. 2,041.42 Lakhs representing an increase of 16.60%. This is due to increase in revenue from operations.

In the Financial Year 2023–24, the company achieved a Total Income of ₹2,380.31 lakhs, representing a growth of 16.60% compared to ₹2,041.42 lakhs in FY 2022–23. This notable increase was primarily driven by a strong rise in revenue from operations, which reflects the company's continued efforts to expand its market presence and enhance operational efficiency. The growth in revenue was largely supported by two key developments: a significant increase in the Direct Trade Business and a rise in solvent recycling volumes. The Direct Trade segment saw substantial expansion due to proactive client acquisition and deeper engagement with existing customers, while the increase in recycling volume was fuelled by growing demand for sustainable and eco-friendly solutions. These factors combined to drive overall business performance, resulting in a solid year-on-year income growth.

During the year, the company also improved its capacity utilisation, which positively impacted operational output and efficiency. The increase in recycled solvent volume—from 5,920 MT in FY 2022–23 to 6,439 MT in FY 2023–24—indicates better use of available infrastructure and resources. Higher utilisation of installed capacity not only contributed to meeting increased demand but also helped optimize fixed costs, further strengthening the company's profitability and performance metrics.

Expenditure

◆ **Purchase of Stock in Trade**

Purchase of Stock in Trade for the Financial Year 2023-24 stood at Rs. 320.11 Lakh whereas in Financial Year 2022-23 it stood at Rs. 142.53 Lakh representing an increase of 124.59% of the purchases stock in trade of FY 2023-24. The increase of ₹170.58 lakhs in Purchase of Stock in Trade is directly aligned with the growth in our Direct Trade Business. As our Direct Trade Business experienced significant expansion, with revenues increasing from ₹147.95 Lakhs to ₹350.12 Lakhs, the need for additional inventory to support this growth also rose. This led to higher purchases of stock in trade to meet the growing demand and ensure timely delivery to our clients.

The revenue growth from ₹147.95 Lakhs to ₹350.12 Lakhs indicates a substantial increase in business activity, requiring a larger inventory to meet the rising demand.

This boost in stock purchases of ₹170.58 Lakhs is essential for supporting the business's operational needs, particularly to ensure that company can maintain a smooth supply chain and timely deliveries. By managing an increased inventory level, company can avoid potential stockouts and continue to satisfy customer demands efficiently, which is crucial for sustaining growth and customer satisfaction in a rapidly expanding business.

FISCAL YEAR ENDED MARCH 31, 2023 COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2022 (BASED ON RESTATED FINANCIAL STATEMENTS)

Revenues

◆ **Total Income**

Total Income for the Financial Year 2022-23 stood at Rs. 2,041.42 Lakhs. Whereas for the Financial Year 2021-22, it stood at 2,180.81 Lakhs, representing decrease of 6.39%. The decrease is due to lower revenue from operations.

This decrease is primarily due to the following reasons:

1. **Change in Revenue Mix – Shift from Product Sales to Job Work Services:**
In FY 2021–22, the company had limited job work orders and, to maintain a certain level of operation, the company procured low valued materials for further processing and direct sale in open market to our customer.

Under this method, entire product sale value (Product quantity multiplied by value of product) is treated as Revenue from Operations.

In FY 2022–23, the company secured a steady flow of job work orders, reducing the need for material procurement for further processing. Consequently, revenue was primarily derived from job work charges or commissions, which are lower in absolute terms than product sales. However, it is much higher in terms of volume processing.

Under this method, only job work charges along with product sale of excess materials is treated as Revenue from Operations

Bifurcation of Revenue from job work and flash recycling:

Particulars	FY 2022-23	% of revenue	FY 2021-22	% of revenue
A) Direct Trade products	147.95	7.36	145.09	6.68
B) Distilled Products				
i) Purchase & Process	152.84	7.60	337.87	15.55
ii) Excess Job Work material	1,063.46	52.90	1,403.38	64.57
C) Job Work Charges	646.01	32.14	287.06	13.21
Total	2,010.25	100	2,173.40	100

As it can be seen, there is more Purchase and process in FY 2021-22 by 15.55% of revenue from operations as compared to 7.60% in FY 2022-23, due to lower job work orders available with the company.

Expenditure

◆ Cost of Material Consumed

Cost of Material Consumed for the Financial Year 2022-23 stood at Rs. 838.31 Lakh whereas in Financial Year 2021-22 it stood at Rs. 1,392.61 Lakh representing a decrease of 39.80% of the cost of material consumed due to shift from purchasing materials externally to job work material received from vendors.

- **Change in Material Sourcing:** In FY 21-22, due to a shortage of Job Work material from vendors, company had to purchase materials externally and carry out flash recycling (simple recycling), which involved higher material costs. This increased the overall Cost of Materials in FY 21-22.
- **Shift to Job Work:** In FY 22-23, it returned to receiving a higher volume of Job Work materials from vendors. Since Job Work involves less direct material purchase and sale activity, the material costs were significantly lower. The reduction in material purchases and reliance on external sources contributed to the overall decrease in the Cost of Materials by 39.80%.

Thus, the decrease in the Cost of Materials aligns with the shift back to Job Work, which involves lower material costs and higher margins, in contrast to the external material purchases made in FY 21-22.

Conclusion:

The reduction was primarily due to a strategic shift in material sourcing, with the company transitioning back to processing Job Work material received from vendors rather than purchasing materials externally. In FY 2021–22, a shortage of Job Work material led the company to procure raw materials externally and engage in flash (simple) recycling, which incurred higher material costs. However, in FY 2022–23, the availability of Job Work material improved, reducing the need for direct purchases. Job Work typically involves lower input costs and contributes to higher margins, as the company focuses on processing rather than purchasing and reselling materials. This shift not only lowered material expenses but also aligned operations with a more cost-efficient and margin-accretive model.

SECTION-VII-LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Pursuant to SEBI ICDR Regulations, all other pending litigations except criminal proceedings, statutory or regulatory actions and taxation matters involving our Company, Promoters, Directors and Group Companies/entities, would be considered material for the purposes of disclosure based on lower of threshold criteria mentioned below:

- A) As per the policy of materiality defined by the board of directors:
- i) If the aggregate amount involved in such individual litigation, to the extent quantifiable, exceeds 5% of the Company's profit after tax for the most recently completed fiscal year, as per the Restated Financial Statements; or
 - ii) Where the monetary impact is not quantifiable or the amount involved may not exceed the materiality threshold set out under (i) above, but where an adverse outcome in any litigation would materially and adversely affect our Company's business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation. Or
- B) Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
- (a) two percent of turnover, as per the latest annual restated financial statements of the issuer; i.e. ₹ 47.43 lakhs; or
 - (b) two percent of net worth, as per the latest annual restated financial statements of the issuer, except in case the arithmetic value of the net worth is negative i.e. ₹ 14.87 lakhs or
 - (c) five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated financial statements of the issuer i.e. ₹18.29 lakh

Accordingly, we have disclosed all outstanding litigations involving our Company, Promoters, Directors and Group Companies which are considered to be material. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered material only in the event that the outcome of such litigation has an adverse effect on the operations or performance of our Company. Unless otherwise stated to contrary, the information provided is as of date of this Draft Red Herring Prospectus.

Outstanding dues to Creditors

As per the materiality policy of the Company for disclosing outstanding amounts to creditors.

Based on the same, as on December 31, 2024 our Company had outstanding dues to creditors as follows:

(Amount in Lakh)

Particulars	As at 31.12.2024
Trade Payables	
Micro, Small and Medium Enterprises	-
Material Creditors	296.88
Other Creditors	66.52
Total	363.40

GOVERNMENT AND OTHER STATUTORY APPROVAL

BUSINESS RELATED CERTIFICATIONS

S.No.	Authorization granted	Issuing Authority	Registration Reference No./ License No.	Date of Issue	Valid up To
1.	Certificate of New Trade License	Government of Telangana Municipal Administration Department Bollaram Municipality, Sangareddy District	TG_TL_2025_1242/0299	07-05-2025	31-03-2026