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QUEST LABORATORIES LIMITED
CIN: U24232MP1998PLC012850

Our Company was originally incorporated under the name “*Quest Laboratories Private Limited*” under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated June 01, 1998, issued by the Registrar of Companies Madhya Pradesh, Gwalior. Subsequently, the status of the Company was changed to public limited and the name of our Company was changed to “*Quest Laboratories Limited*” vide Special Resolution passed by the Shareholders at the Extra Ordinary General Meeting of our Company held on January 11, 2024. The fresh certificate of incorporation consequent to conversion was issued on January 23, 2024, by Assistant Registrar of Companies/ Deputy Registrar of Companies/ Registrar of Companies, Centralised Processing Centre.

Registered Office: Plot No. 45 Sector III Pithampur, Dhar - 454775, Madhya Pradesh, India; **Tel:** 07292292374; **E-mail:** investors@questlabltd.com;
Website: www.questlabltd.com; **Contact Person:** Mr. Jayesh Jain, Company Secretary and Compliance Officer;

THE PROMOTERS OF OUR COMPANY ARE MR. ANIL KUMAR SABARWAL AND MS. TEJASWINI SABARWAL

ADDENDUM TO THE DRAFT RED HERRING PROSPECTUS DATED MARCH 01, 2024 NOTICE TO THE INVESTORS (“THE ADDENDUM”)

INITIAL PUBLIC OFFER OF UPTO 44,50,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH (THE “EQUITY SHARES”) OF QUEST LABORATORIES LIMITED (“OUR COMPANY” OR “QUEST” OR “THE ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE (THE “ISSUE PRICE”) AGGREGATING TO ₹ [●] LAKHS (THE “ISSUE”), OF WHICH UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE “MARKET MAKER RESERVATION PORTION”). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e., NET ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS IS HEREIN AFTER 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, PLEASE REFER TO CHAPTER TITLED “TERMS OF THE ISSUE” BEGINNING ON PAGE 232 OF THE DRAFT RED HERRING PROSPECTUS.

Potential investor may note the following:

1. The Chapter titled “*Summary of Offer Document*”, beginning on Page 21 of the Draft Red Herring Prospectus has been updated with case details w.r.t Company and Promoters.
2. The Chapter titled “*Risk Factors*” beginning on page 29 of the Draft Red Herring Prospectus has been updated with addition, shifting and modification of certain risk factors.
3. The Chapter titled “*Capital Structure*” beginning on page 68 of the Draft Red Herring Prospectus has been updated with dematerialisation of Promoters and Promoters Group Equity Shares.
4. The Chapter titled “*Objects of the Issue*”, 81 of the Draft Red Herring Prospectus has been updated with details of modification of rational of Capital Expenditure Towards Purchase of Plant and Machineries and updated with addition in Justification of Working Capital of The Company.
5. The Chapter titled “*Our Business*” beginning on page 123 of the Draft Red Herring Prospectus has been updated with details of List of Machinery & Testing Equipment Installed, modification of certain Our Strategies, addition in Raw Material Procurements, addition in Customers, Sales and Marketing w.r.t how our company caters the government contracts and addition in Capacity and Capacity Utilisation details for stub period ended September 30, 2023.
6. The Chapter titled “*Our Management*” beginning on page 166 of the Draft Red Herring Prospectus has been updated with addition of Mr. Vinayak Sabarwal as the Senior Management Personnel of our Company
7. The Chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 192 of the Draft Red Herring Prospectus has been updated with addition in the reason for Increase in Profit after Tax for the period ended December 30, 2023 and for the FY 2023-2022 and FY 2022-2021.
8. The Chapter titled “*Outstanding Litigations and Material Developments*” beginning on page 207 of the Draft Red Herring Prospectus has been updated with case details against our Company and Promoters.

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

On behalf of Quest Laboratories Limited Sd/- Mr. Anil Kumar Sabarwal Chairman & Managing Director	
Place: Madhya Pradesh Date: 02.05.2024	
BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 SHRENI SHARES LTD	 Bigshare Services Pvt. Ltd.
SHRENI SHARES LIMITED (Formerly Known as Shreni Shares Private Limited) No. 217, Hive 67 Icon, Poisar Gymkhana Road, Lokmanya Tilak Nagar Poisar, Near Raghuleela Mall, Kandivali West, Mumbai – 400067, Maharashtra, India. Telephone: 022 - 2089 7022 E-mail: shrenishares@gmail.com Investors Grievance e-mail: info@shreni.in Contact Person: Ms. Tanya Goyal Website: www.shreni.in SEBI Registration Number: INM000012759	BIGSHARE SERVICES PRIVATE LIMITED Office No. S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri East, Mumbai – 400 093, Maharashtra, India Tel: 022 - 6263 8200 E-mail: ipo@bigshareonline.com Investor grievance e-mail: investor@bigshareonline.com Website: www.bigshareonline.com Contact Person: Mr. Vinayak Morbale SEBI Registration No.: INR000001385
ISSUE PROGRAMME	
ANCHOR INVESTOR BID/ ISSUE PERIOD: [●] *	BID/ISSUE OPENS ON: [●] * BID/ISSUE CLOSES ON: [●] **

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

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

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SECTION II – SUMMARY OF OFFER DOCUMENT

SUMMARY OF OUTSTANDING LITIGATIONS & MATERIAL DEVELOPMENTS

A summary of pending legal proceedings and other material litigations involving our Company, our Promoters, our Directors and our Group Companies as on the date of this Draft Red Herring Prospectus is provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges against our Promoters	Material Civil Litigations	Aggregate amount involved (Rs in Lakhs)
Company						
By the Company	NA	NA	NA	NA	NA	NA
Against the Company	3	5	NA	NA	2	198.89*
Directors						
By our Directors	NA	NA	NA	NA	NA	NA
Against the Directors	NA	NA	NA	NA	NA	NA
Promoters*						
By Promoters	NA	NA	NA	NA	NA	NA
Against Promoters@	2	NA	NA	NA	2	unascertained@
Subsidiaries						
By Subsidiaries	NA	NA	NA	NA	NA	NA
Against Subsidiaries	NA	NA	NA	NA	NA	NA
Group Companies						
By Group Companies	NA	NA	NA	NA	NA	NA
Against Group Companies	NA	NA	NA	NA	NA	NA

*Amount in respect of all the criminal & Civil matters are unascertained.

@ One of our promoters is also the Managing director on the Board and hence litigation against him have not been included in the directors details to avoid repetition. Further the litigation mentioned here are not directly filed against the promoter cum MD. They are in his capacity as director of the Company

Brief details of top 5 Criminal Case against our Promoters:

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
1	State of Jharkhand V/s. 1. Anil Sabarwal 2. Kavita Sabarwal 208 Case No. C.C. 131/2016 filed with the Judicial Magistrate Courts, Senior Division-II, Jamtara Court, filed u/s. 18(a)(i), 18(a)(vi) & 18(b) of the Drugs and Cosmetics Act. A complaint was filed by Naseem Aslam, the drug inspector at Jamtara district in Jharkhand, against Mr. Anil Sabarwal, after finding that the samples of paracetamol oral suspension he collected from the drug store of Sadar Hospital in Jamtara on March 30, 2015 was not-of-standard-quality. From the details of invoices obtained by the drug inspector, the drugs were	State of Jharkhand	Pending	Unascertained

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
	allegedly found to have been manufactured by M/s. Quest Laboratories Private Ltd in Indore For substantiating his charges leveled against the company, the Drug Inspector produced the laboratory test report of his samples in the court for evidence. The government drug testing laboratory (DTL) in Ranchi conducted the analytical test and the result was that the drug was Not of Standard Quality (NSQ).. The drug was supplied to the hospital by Mehsuk Enterprises, a pharma dealer at Paredih in Jamtara. Accordingly, the Jamtara court registered a case (131/2016) against Mr. Anil Sabarwal, managing director and Kavita Sabarwal, one of the directors of the company under Section 27 (d) of the D&C Act. In the course of time, the proceedings against Kavita Sabarwal had to be dropped because of her sudden death on February 9, 2021, but the case continued against Anil Sabarwal and he was put for hearing on 28.4.2023. The charges were explained to him and he was questioned by the court under section 313 of the Cr PC. He denied his complicity in the crime and stated that he was falsely implicated in the case. After being found guilty of manufacturing 'NSQ' drug, the Principal Sessions Judge at Jamtara in Jharkhand vide its order dated January 23, 2024, has ordered for conviction of Mr. Anil Sabarwal, the managing director of the Quest Laboratories Private Limited in Indore in Madhya Pradesh, for one year imprisonment and imposed a fine of Rs. 20,000, under Section 27 (d) of the Drugs and Cosmetics Act 1940. However, the court has granted him bail to enable him to appeal to the High Court of Ranchi and Mr. Anil Sabarwal has filed an appeal bearing no. Cr.A(SJ) 5225/2024 has been filed with Jharkhand High Court, Ranchi, on February 26, 2024 and the same is pending.			
2	P.R.C. No. 27/2013 filed and pending with the Honourable Court of III Additional Judicial First-Class Magistrate, Kakinada and later transferred to Honourable District & Sessions Judge, East Godavari, Rajamahendravaram vide case no. (SC/159/2018) As stated, M/s. Quest Laboratories Pvt. Ltd (the Company) represented by Mr. Anil Sabarwal, director is a manufacturer of Drugs and is having a manufacturing license under Form 25 & 28 bearing no. 25/18/98. The complainant herein claims to have taken a sample on August 19, 2010 of Polyfol Forte tablest, Batch no. 13, Mfg. Date: 07/2010, Exp. Date: 12/2011, manufactured by the company, for test / analysis from the Central Drug Stores, APMHIDC, 23-1-73/A, Old Bus Stand, Kakinada and the sample was sent to Govt. Analyst, drugs Control Laboratory, Vijaywada, as per the provisions of Drugs and Cosmetics Act, 1940. As alleged, the test report of the said sample received on June 29, 2011 declared the sample of non-standard	The State of Andhra Pradesh (Represented by Drug Inspector) (Complainant)	Pending	unascertained

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
	quality for the reason that the sample did not meet the I.P. specifications in respect of Description. Upon receiving confirmation from the pharmacist of the Central Drug Store in question of having received the said drug from M/s. Quest Laboratories Pvt. Ltd., the Complainant herein alleged to have issued letter dated July 16, 2011 to the Company and several reminders thereof requiring the Company to provide Mfg. & Analytical records, Distribution particulars of the said batch and Drug and Manufacturing license to which the Complainant herein had allegedly not received any response. Resultantly, the instant petition was filed by the complainant, alleging the company to be a. guilty of manufacturing for sale and distribution of not of Standard quality drug, thereby contravening Section 18(a)(i) r/w. Section 16 punishable u/s. 27(d) of Drugs and Cosmetics (Amendment) Act, 2008 by manufacturing “NOT OF STANDARD QUALITY DRUG” ; and b. failure to furnish the constitution particulars and batch manufacturing records of the products as required u/s. 24, 18-B & 22(1) of the Act, thus contravening the provisions of the Sections and punishable u/s. 28, 28-A and 22(3) of the Act, respectively and praying for committal to the Honourable Court of Sessions as per Section 32(2) of the Act and in the interest of Justice. After considering the matter the Honourable ADJFC Magistrate, Kakinada vide its order dated March 08, 2018, considering it fit and proper case for committal to the Honourable Court of Sessions, committed the case to the Court of sessions, East Godavari, Rajamahendravaram under section 209(a) of Criminal Procedure Code with directions that the Accused shall attend before Hon'ble Court of Sessions, East Godavari District, Rajamahendravaram after receipt of Court summons and the same order shall continue until further Orders of the Hon'ble Sessions Court as required under Sec.209 (b) Cr.P.C.			
3	State of Maharashtra (Complainant) V/s. 1) Anilkumar S/o Captain S. P. Sabharwal 2) Deependu Shekhar S/o. Hari Keshav Singh 3) Neha Goverdhan Bairagi; 4) M/s. Quest Laboratories Pvt. Ltd. (Parties 1 to 4 individually referred to as defendant no. 1, 2, 3 & 4 respectively and collectively as defendants) <i>R.C.C./1390/2021; RCC- Reg. Criminal Case filed u/s. 18ai & 18c, 60 of Drugs & Cosmetic Act filed with Akola Dist & Session Court CJM Akola</i> As stated, M/s. Quest Laboratories Pvt. Ltd (the Company) represented by Mr. Anil Sabarwal, director is a manufacturer of Drugs and is having a manufacturing license under Form 25 & 28 bearing no. 25/18/98.	State Of Maharashtra	Summons Awaiting	Unascertained

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
	The complainant herein claims to have taken a sample of Chlorohexidine Gluconate Solution Hand Sanitizer B.No. E 1705, Mfg. Date: 03/2020, Exp. Date: 08-2021 (manufactured by M/s. Quest Laboratories Pvt. Ltd.) from M/s. Goyal Medical & General Store, New Radhakisan Plot, Akola, as per the provisions of Drugs and Cosmetics Act, 1940. As alleged, the test report no. NSQ/AUR/124775/2020 dated August 18, 2020 declared the sample of non-standard quality for the reason that the content of Chlorhexidine in the sample was less than the permissible limits. Further as alleged, the name of the defendant no. 4 having been mentioned as manufacturer of the drugs in question, a detailed report as mentioned above was send to it requiring it to produce certain documents / details before the Complainant. Later the complainant filed the instant petition and the same is pending.			
4	1) State thr. Kishore M. Rajne Drugs Inspector (Complainant) V/s. 1) Rahul Dangi thr. Managing Director M/s. Quest Laboratories Pvt. Ltd.; 2) Anil Kumar Sabarwal thr. Director M/s. Quest Laboratories Pvt. Ltd. 3) Tejaswini Chouhan; 4) Naval Gopal Sharma; 5) Umendra Ramkrishna Suthar; 6) Quest Laboratories Pvt. Ltd. (parties 1 to 6 respectively referred to as respondent no. 1, 2, 3, 4, 5 & 6 and collectively as Respondents) <i>Regular criminal case, RCC/1997/2022 filed u/s. U/s. 18ai & 18c 161 34 under Drugs & Cosmetic Act with Vasai District & Addl sessions civil court, 12-4th JT CIVIL JUDGE J.D. J.M.F.C. Vasai</i> The complainant herein claims to have taken a sample on January 14, 2021 of Lomolok Tablets, Loperamide Hydrochloride Tablets I.P., Batch No. T8838, Mfg. Date: 07/2020, Exp. Date: 11/2023, manufactured by M/s. Quest Laboratories Pvt. Ltd. from the premises of M/s. AERO LIFE PHARMA, situated at shop no. 08, Laxmi Apartment, Waliv, Vasai (East), Dist. Palgarh, for inspection and to draw routine samples for test / analysis. As alleged, the test report of the said sample received on January 24, 2022 bearing no. NSQ/MUM/126825/2022 dated January 20, 2022, declared the samples so collected as of non-standard quality for the reason that the sample did not meet the I.P. specifications for dissolution test. Later, after due enquiry and having received the copy of order from the Joint Commissioner (Head Quarter) and Controlling Authority, Food and Drugs Administration, Mumbai, bearing no. Kathla/MUM/126825/74-22/10 dated February 11, 2022, directions were made to investigate the matter and file prosecution against the manufacturer of the drug and related.	1) State thr. Kishore M. Rajne Drugs Inspector	Awaiting Summons	Unascertained

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
	Later, a notice bearing no. T Z-2/KMR/NSQ/126825/448/2022/2 dated June 23, 2022 was handed over to factory manager Mr. Gopal Chauhan upon the alleged visit to the premises of M/s. Quest Laboratories Pvt. Ltd., by the Complainant herein along with Drug Inspector, Bhopal (M.P.) for enquiry and investigation. Upon receipt of the said notice, the Respondent no. 1 herein submitted several papers and records with the complainant, which as per the Complainant, were not upto their satisfaction. On the basis of documents received from the respondents, the complainant held the respondent, liable of manufacturing Non-Standard Quality Drugs and accordingly framed several charges against them and filed the instant petition praying to initiate process against the respondents herein, in accordance with the law. The matter is pending with the concerned court of jurisdiction.			

SECTION III – RISK FACTORS

- 1. Our promoter Mr. Anil Sabarwal has in one of the matters against him, been sentenced for imprisonment and he has filed an appeal against the said order in the higher court. We are not sure whether the said appeal shall be decided in favour of our promoter and in the event of any adverse decision, the operations of the Company shall be adversely affected.***

Our promoter has been held liable in one of the matters bearing no. 131/2016 wherein he has been sentenced for an imprisonment of 1 (One) year and a fine of Rs. 20,000/-. The matter pertains to manufacturing of Not of Standard Quality (NSQ) Drugs. Our Promoter have however not accepted the allegations and have contested the said order in the Jharkhand High Court, Ranchi on the grounds that the samples were collected from a store where the drugs in question had been supplied by the Company and that for maintaining the quality of the drugs, the storage conditions are also a decisive factor. The appeal has been admitted by the concerned court of law and the same is pending.

However, if the said matter is decided against the Promoter / Company or in case the proceedings are prolonged, this shall divert the attention of the promoters / management of the Company towards the matter which shall adversely affect the business of the Company. Also, any adverse or prolonged decision shall also harm the reputation of the Company which shall in return harm the financials of the Company.

Further in the event of adverse decision, the maximum penalty that can be imposed shall be Rs. 20,000/- with an imprisonment of 1 year in which event our promoter of the company shall be imprisoned in which event, the business of our Company may be adversely affected.

- 2. We have certain outstanding litigation against us, an adverse outcome of which may adversely affect our business, reputation and results of operations.***

A summary of outstanding matters set out below includes details of civil and criminal proceedings, tax proceedings, statutory and regulatory actions and other material pending litigation involving us, Directors, Promoters and Group Company as at the date of this Draft Red Herring Prospectus.

Cases against our Company:

Nature of Cases	No of Outstanding Cases	Amount involved (In Lakhs)
Criminal Complaints	3	Unascertained
Statutory/ Regulatory Authorities	--	--
Taxation Matters	5	197.83
Other Litigation	2	1.05*

*Amount related to 1 matter is unascertained

Cases against our Director and / or Promoters:

Nature of Cases	No of Outstanding Cases	Amount involved (In Lakhs)
Criminal Complaints	3	Unascertained
Statutory/ Regulatory Authorities	--	--
Taxation Matters	--	--
Other Litigation	2	Unascertained

Cases against our Group Companies and / or Subsidiaries:

Nature of Cases	No of Outstanding Cases	Amount involved (In Lakhs)
Criminal Complaints	--	--
Statutory/ Regulatory Authorities	--	--
Taxation Matters	--	--
Other Litigation	--	--

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities.

We cannot assure you that any of the outstanding litigation matters will be settled in our favour or that no additional liabilities will arise out of these proceedings. In addition to the above, we could also be adversely affected by complaints, claims or legal actions brought by persons, including before consumer forums or sector-specific or other regulatory authorities in the ordinary course of business or otherwise, in relation to our business operations, our intellectual property, our branding or marketing efforts or campaigns or our policies. We may also be subject to legal action by our employees and/or former employees in relation to alleged grievances, such as termination of employment. We cannot assure you that such complaints, claims or requests for information will not result in investigations, enquiries or legal actions by any regulatory authority or third persons against us.

For further details of certain material legal proceedings involving our Company, our Promoters, our directors, see “*Outstanding Litigations and Material Developments*” beginning on page 207 of this Draft Red Herring Prospectus.

Brief details of top 5 Criminal Case against our Promoters:

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
1	State of Jharkhand V/s. 1. Anil Sabarwal 2. Kavita Sabarwal <i>208 Case No. C.C. 131/2016 filed with the Judicial Magistrate Courts, Senior Division-II, Jamtara Court, filed u/s. 18(a)(i), 18(a)(vi) & 18(b) of the Drugs and Cosmetics Act.</i> A complaint was filed by Naseem Aslam, the drug inspector at Jamtara district in Jharkhand, against Mr. Anil Sabarwal, after finding that the samples of paracetamol oral suspension he collected from the drug store of Sadar Hospital in Jamtara on March 30, 2015 was not-of-standard-quality. From the details of invoices obtained by the drug inspector, the drugs were allegedly found to have been manufactured by M/s. Quest Laboratories Private Ltd in Indore For substantiating his charges leveled against the company, the Drug Inspector produced the laboratory test report of his samples in the court for evidence. The government drug testing laboratory (DTL) in Ranchi conducted the analytical test and the result was that the drug was Not of Standard Quality (NSQ).. The drug was supplied to the hospital by Mehsuk Enterprises, a pharma dealer at Paredih in Jamtara. Accordingly, the Jamtara court registered a case (131/2016) against Mr. Anil Sabarwal, managing director and Kavita Sabarwal, one of the directors of the company under Section 27 (d) of the D&C Act. In the course of time, the proceedings against Kavita Sabarwal had to be dropped because of her sudden death on February 9, 2021, but the case continued against Anil Sabarwal and he was put for hearing on 28.4.2023. The charges were explained to him and he was questioned by the court under section 313 of the Cr PC. He denied his complicity in the crime and stated that he was falsely implicated in the case. After being found guilty of manufacturing ‘NSQ’ drug, the Principal Sessions Judge at Jamtara in Jharkhand vide its order dated January 23, 2024, has ordered for conviction of Mr. Anil Sabarwal, the managing director of the Quest Laboratories Private Limited in Indore in Madhya Pradesh, for one year imprisonment and imposed a fine of Rs. 20,000, under Section 27 (d) of the Drugs and Cosmetics Act 1940. However, the court has granted	State of Jharkhand	Pending	Unascertained

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
	him bail to enable him to appeal to the High Court of Ranchi and Mr. Anil Sabarwal has filed an appeal bearing no. Cr.A(SJ) 5225/2024 has been filed with Jharkhand High Court, Ranchi, on February 26, 2024 and the same is pending.			
2	P.R.C. No. 27/2013 filed and pending with the Honourable Court of III Additional Judicial First-Class Magistrate, Kakinada and later transferred to Honourable District & Sessions Judge, East Godavari, Rajahmahendravaram vide case no. (SC/159/2018) As stated, M/s. Quest Laboratories Pvt. Ltd (the Company) represented by Mr. Anil Sabarwal, director is a manufacturer of Drugs and is having a manufacturing license under Form 25 & 28 bearing no. 25/18/98. The complainant herein claims to have taken a sample on August 19, 2010 of Polyfol Forte tablest, Batch no. 13, Mfg. Date: 07/2010, Exp. Date: 12/2011, manufactured by the company, for test / analysis from the Central Drug Stores, APMHIDC, 23-1-73/A, Old Bus Stand, Kakinada and the sample was sent to Govt. Analyst, drugs Control Laboratory, Vijaywada, as per the provisions of Drugs and Cosmetics Act, 1940. As alleged, the test report of the said sample received on June 29, 2011 declared the sample of non-standard quality for the reason that the sample did not meet the I.P. specifications in respect of Description. Upon receiving confirmation from the pharmacist of the Central Drug Store in question of having received the said drug from M/s. Quest Laboratories Pvt. Ltd., the Complainant herein alleged to have issued letter dated July 16, 2011 to the Company and several reminders thereof requiring the Company to provide Mfg. & Analytical records, Distribution particulars of the said batch and Drug and Manufacturing license to which the Complainant herein had allegedly not received any response. Resultantly, the instant petition was filed by the complainant, alleging the company to be a. guilty of manufacturing for sale and distribution of not of Standard quality drug, thereby contravening Section 18(a)(i) r/w. Section 16 punishable u/s. 27(d) of Drugs and Cosmetics (Amendment) Act, 2008 by manufacturing “NOT OF STANDARD QUALITY DRUG” ; and b. failure to furnish the constitution particulars and batch manufacturing records of the products as required u/s. 24, 18-B & 22(1) of the Act, thus contravening the provisions of the Sections and punishable u/s. 28, 28-A and 22(3) of the Act, respectively and praying for committal to the Honourable Court of Sessions as per Section 32(2) of the Act and in the interest of Justice. After considering the matter the Honourable ADJFC Magistrate, Kakinada vide its order dated March 08, 2018, considering it fit and proper case for committal	The State of Andhra Pradesh (Represented by Drug Inspector) (Complainant)	Pending	unascertained

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
	to the Honourable Court of Sessions, committed the case to the Court of sessions, East Godavari, Rajamahendravaram under section 209(a) of Criminal Procedure Code with directions that the Accused shall attend before Hon'ble Court of Sessions, East Godavari District, Rajamahendravaram after receipt of Court summons and the same order shall continue until further Orders of the Hon'ble Sessions Court as required under Sec.209 (b) Cr.P.C.			
3	State of Maharashtra (Complainant) V/s. 1) Anilkumar S/o Captain S. P. Sabharwal 2) Deependu Shekhar S/o. Hari Keshav Singh 3) Neha Goverdhan Bairagi; 4) M/s. Quest Laboratories Pvt. Ltd. (Parties 1 to 4 individually referred to as defendant no. 1, 2, 3 & 4 respectively and collectively as defendants) <i>R.C.C./1390/2021; RCC- Reg. Criminal Case filed u/s. 18ai & 18c, 60 of Drugs & Cosmetic Act filed with Akola Dist & Session Court CJM Akola</i> As stated, M/s. Quest Laboratories Pvt. Ltd (the Company) represented by Mr. Anil Sabarwal, director is a manufacturer of Drugs and is having a manufacturing license under Form 25 & 28 bearing no. 25/18/98. The complainant herein claims to have taken a sample of Chlorohexidine Gluconate Solution Hand Sanitizer B.No. E 1705, Mfg. Date: 03/2020, Exp. Date: 08-2021 (manufactured by M/s. Quest Laboratories Pvt. Ltd.) from M/s. Goyal Medical & General Store, New Radhakisan Plot, Akola, as per the provisions of Drugs and Cosmetics Act, 1940. As alleged, the test report no. NSQ/AUR/124775/2020 dated August 18, 2020 declared the sample of non-standard quality for the reason that the content of Chlorhexidine in the sample was less than the permissible limits. Further as alleged, the name of the defendant no. 4 having been mentioned as manufacturer of the drugs in question, a detailed report as mentioned above was send to it requiring it to produce certain documents / details before the Complainant. Later the complainant filed the instant petition and the same is pending.	State Of Maharashtra	Summons Awaiting	Unascertained
4	1) State thr. Kishore M. Rajne Drugs Inspector (Complainant) V/s. 1) Rahul Dangi thr. Managing Director M/s. Quest Laboratories Pvt. Ltd.; 2) Anil Kumar Sabarwal thr. Director M/s. Quest Laboratories Pvt. Ltd. 3) Tejaswini Chouhan; 4) Naval Gopal Sharma; 5) Umendra Ramkrishna Suthar; 6) Quest Laboratories Pvt. Ltd. (parties 1 to 6 respectively referred to as respondent no. 1, 2, 3, 4, 5 & 6 and collectively as Respondents) <i>Regular criminal case, RCC/1997/2022 filed u/s. U/s. 18ai & 18c 161 34 under Drugs & Cosmetic Act with</i>	1) State thr. Kishore M. Rajne Drugs Inspector	Awaiting Summons	Unascertained

Sr. No.	Particulars	Litigation filed by	Current status	Amount involved
	<i>Vasai District & Addl sessions civil court, 12-4th JT CIVIL JUDGE J.D. J.M.F.C. Vasai</i> The complainant herein claims to have taken a sample on January 14, 2021 of Lomolok Tablets, Loperamide Hydrochloride Tablets I.P., Batch No. T8838, Mfg. Date: 07/2020, Exp. Date: 11/2023, manufactured by M/s. Quest Laboratories Pvt. Ltd. from the premises of M/s. AERO LIFE PHARMA, situated at shop no. 08, Laxmi Apartment, Waliv, Vasai (East), Dist. Palgarh, for inspection and to draw routine samples for test / analysis. As alleged, the test report of the said sample received on January 24, 2022 bearing no. NSQ/MUM/126825/2022 dated January 20, 2022, declared the samples so collected as of non-standard quality for the reason that the sample did not meet the I.P. specifications for dissolution test. Later, after due enquiry and having received the copy of order from the Joint Commissioner (Head Quarter) and Controlling Authority, Food and Drugs Administration, Mumbai, bearing no. Kathla/MUM/126825/74-22/10 dated February 11, 2022, directions were made to investigate the matter and file prosecution against the manufacturer of the drug and related. Later, a notice bearing no. T Z-2/KMR/NSQ/126825/448/2022/2 dated June 23, 2022 was handed over to factory manager Mr. Gopal Chauhan upon the alleged visit to the premises of M/s. Quest Laboratories Pvt. Ltd., by the Complainant herein along with Drug Inspector, Bhopal (M.P.) for enquiry and investigation. Upon receipt of the said notice, the Respondent no. 1 herein submitted several papers and records with the complainant, which as per the Complainant, were not upto their satisfaction. On the basis of documents received from the respondents, the complainant held the respondent, liable of manufacturing Non-Standard Quality Drugs and accordingly framed several charges against them and filed the instant petition praying to initiate process against the respondents herein, in accordance with the law. The matter is pending with the concerned court of jurisdiction.			

3. Any manufacturing or quality control problems may disrupt our business operations, damage our reputation for high quality production and expose us to potential litigation or other liabilities, which would negatively impact our business, prospects, cash flows, results of operations and financial condition.

Pharmaceutical manufacturers are subject to significant regulatory scrutiny in most jurisdictions. We are required to register our manufacturing facility with regulatory authorities and our products must be made, packaged, labelled and stored in a manner consistent with the standards set by the regulatory authorities under various acts and statutes. For our approved products, modifications, enhancements, or changes in manufacturing processes and sites may require supplemental approval or other governmental authorities, which may be subject to a lengthy application process or which we may be unable to obtain. In addition, regulatory authorities and other agencies may conduct scheduled or unscheduled periodic inspections of our manufacturing facilities to monitor our regulatory compliance. Following an inspection, an agency may

issue a notice listing conditions that are believed to violate current good manufacturing practices or other regulations, or a warning letter for violations of regulatory significance that may result in enforcement action if not promptly and adequately cured.

There have been instances in the past where our products have been found to have been of non-standard quality (NSQ) and we have been subjected to litigations in respect of same. Although in other cases we have been able to prove that the deterioration in quality of the products sampled was for the reason of storage conditions, in one of the case, our director have been subjected to punishment and penalty by the concerned district court and an appeal in the matter have been filed and pending with the High Court. For further details, kindly refer to the chapter titled, “*Outstanding Litigation and Material Development*” on page 207 of this Draft Red Herring Prospectus. There are stringent and restrictive norms in relation to quality standards. Further, entry barriers in regulated markets in which we currently operate and seek to expand are high and have extensive regulations pertaining to research, testing and manufacturing, selling and marketing of pharmaceutical products. In most regulated markets, pharmaceutical products must be registered after being tested for safety, efficacy and environmental impact and the regulations differ from country to country. Failure of our Company to adapt itself to such regulatory changes, obtain necessary approvals/renewal of products, may adversely affect our operations.

9. We highly depend on our major raw materials on many of the suppliers who help us procure the same. Our Company has not entered into long-term agreements with its suppliers for supply of raw materials. In the event we are unable to procure adequate amounts of raw materials, at competitive prices our business, results of operations and financial condition may be adversely affected

Our business is significantly affected by the availability, cost and quality of the raw materials and components which we need to develop our products. Our principal raw materials include APIs, emulsifying wax, dextrose Our business is significantly affected by the availability, cost and quality of the raw materials and components which we need to develop our products. Our principal raw materials include APIs, emulsifying wax, dextrose anhydride, flavors, pharmaceutical-grade sugar, colorants, aqueous coating materials, and packaging materials etc. We usually do not enter into long-term supply contracts with any of our raw material suppliers. Our raw materials are majorly procured in the domestic market from Uttar Pradesh, Madhya Pradesh, Maharashtra, Himachal Pradesh, Gujarat, Assam, Uttarakhand, Telangana, Delhi, Haryana, Karnataka. We are dependent on external suppliers for certain of the materials /components. The prices and supply of these and other raw materials and components depend on factors beyond our control, including general economic conditions, competition, production levels, transportation costs and duties. If, for any reason, our suppliers of raw materials and components should curtail or discontinue their delivery of such materials to us in the quantities we need or at prices that are competitive or expected by us, our ability to meet the requirements of our customers could be impaired and our earnings and business could suffer.

Further, we may not be able to pass on any increase in the cost of manufacturing our products to our customers, which may adversely affect our results of operations. For the period ended September 30, 2023 and for the financial year ended March 31, 2023, 2022 and 2021, our cost of material consumed was ₹ 2,586.31 Lakhs, ₹ 4,173.79 Lakhs, ₹ 4,427.41 Lakhs and ₹ 2,443.19 Lakhs respectively, which represented 63.05%, 67.71%, 74.43% and 80.46% respectively of our revenue from operations. If we are unable to source raw materials from suppliers in a timely manner, our production processes and results of operations may be adversely impacted. There can be no assurance that we would be able to source required quantities or qualities of raw materials in a cost-effective manner in future periods.

In addition, we usually do not enter into long-term supply contracts with any of our raw material suppliers and typically source raw materials from third-party suppliers under contracts of shorter period or the open market. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of raw materials that we require and we may be unable to pass these costs onto our customers, which may reduce our profit margins.

We face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on commercially acceptable terms, may adversely affect our business, financial condition and results of operations. Purchases made from our top 10 suppliers for the period ended September 30, 2023 and for the financial year ended March 31, 2023, 2022 and 2021, were ₹ 908.14 Lakhs, ₹ 1,700.88 Lakhs, ₹ 1,339.98 Lakhs and ₹ 721.08 Lakhs, respectively representing 38.60%, 32.80%, 29.96% and 33.64% respectively of our total raw material purchases.

16. There are certain discrepancies/errors/delay filings noticed in some of our corporate records relating to forms filed with the Registrar of Companies and other provisions of Companies Act, 2013. Any penalty or action taken by any regulatory authorities in future, for non-compliance with provisions of corporate or any other law could impact the financial position of the Company to that extent.

Our company has not complied with certain statutory provisions in the past including but not limited to the details as mentioned in this risk factor.

Our company faced challenges regarding missing documents spanning the period between 1998 and 2006. In response, we conducted a physical inspection of forms and documents at the Registrar of Companies (ROC) in Gwalior, Madhya Pradesh. During this inspection, we were able to locate and organize some of the required documents. Subsequently, based on the information retrieved during the physical search and the statutory documents maintained by our company, as well as the certificate from our Practicing Company Secretary dated February 26, 2024, the necessary details have been included in the Draft Red Herring Prospectus.

There have been some instances of delays/ non-filing/ non-compliance with certain statutory authorities with certain provision of statutory regulations applicable to us such as:

- Complete share transfer forms for the share transfers taken place are not traceable. Information in relation to such transfers have been disclosed based on the statutory registers maintained by the Company, we may not be able to furnish any further documents in this regard.
- Certain forms and resolutions filed with Registrar of Companies (prior to 2006) are not traceable by our Company which includes Annual Returns and Financial Statements filed for the Financial Years 1998-99, 1999-00, 2000-01, 2001-02 and further allotment of equity shares made on March 31, 2001 are not traceable by us.

While no legal proceedings or regulatory action has been initiated against our Company in relation to such non-compliance or instances of non-filings or incorrect filings or delays in filing statutory forms with the RoC as of the date of this Draft Red Herring Prospectus, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in future and we cannot assure you that we will not be subject to penalties imposed by concerned regulatory authorities in this respect. Therefore, if the authorities impose monetary penalties on us or take certain punitive actions against our Company in relation to the same, our business, financial condition and results of operations could be adversely affected.

17. Our Company's failure to maintain the quality standards of the products or keep pace with the technological developments could adversely impact our business, results of operations and financial condition.

Our products depend on recent inventions and developments as we manufacture and market the products as per the market trends. Any failure to maintain the quality standards may affect our business. Although we have put in place strict quality control procedures, we cannot assure that our products will always be able to satisfy our customers quality standards and there have been instances where our products have been found to have been of non standard quality (NSQ) and we have been subjected to litigations in respect of same. Although in other cases we have been able to prove that the deterioration in quality of the products sampled was for the reason of storage conditions, in one of the case, our director have been subjected to punishment and penalty by the concerned district court and an appeal in the matter have been filed and pending with the High Court. For further details, kindly refer to the chapter titled, "*Outstanding Litigation and Material Development*" on page 207 of this Draft Red Herring Prospectus

Further any negative publicity regarding our Company, or products, including those arising from any deterioration in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation, our operations and our results from operations. Also, rapid change in our customers expectation on account of changes in technology or introduction of new products or for any other reason and failure on our part to meet their expectation could adversely affect our business, result of operations and financial condition. While, we believe that we have always introduced new products based on consumers need to cater to the growing demand of our customers and also endeavour regularly update our existing technology, our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results.

56. Our Company has entered into related party transactions in the past and may continue to enter into related party transactions in the future, which may potentially involve conflicts of interest with the equity shareholders.

Our Company have entered into certain related party transactions with our Promoters, members of the promoter group, Directors and our Group Companies in the past which are in compliance with applicable provisions of Companies Act, 2013 and all other applicable laws. While our Company believes that all such transactions have been conducted on arm's length basis, there can be no assurance that it could not have been achieved on more favourable terms and that such transactions have not been entered into with unrelated parties. Further, it is likely that we may enter into related party transactions in the future and such transactions may potentially involve conflicts of interest. In terms of the Companies Act, 2013 and SEBI LODR Regulations, we are required to adhere to various compliance requirements such as obtaining prior

approvals from our Audit Committee, Board and Shareholders for certain party transactions and our undertakes that such related party transactions shall not be done against the interests of the Company and its shareholders as prescribed in the SEBI LODR Regulations. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

SECTION IV – INTRODUCTION

CAPITAL STRUCTURE

8. Shareholding Pattern of our Company

The table below presents the current shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus.

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid-up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				No. of Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)*
								Class-Equity	Class	Total	Total as a % of (A+B+C)			No (a)	As a % of total Shares held (b)	No (a)	As a % of total Shares held (b)	
A	Promoters & Promoter group	3	1,07,86,900	-	-	1,07,86,900	90.36%	1,07,86,900	-	1,07,86,900	90.36%	-	90.36%	-	-	-	-	1,07,86,900
B	Public	20	11,50,700	-	-	11,50,700	9.64%	11,50,700	-	11,50,700	9.64%	-	9.64%	-	-	-	-	11,50,700
C	Non - Promoters Non - Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C 1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
C 2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	23	1,19,37,600	-	-	1,19,37,600	100.00	1,19,37,600	-	1,19,37,600	100.00	-	100.00%	-	-	-	-	1,19,37,600

SECTION V – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

DETAILS OF THE OBJECTS OF THE ISSUE

1. Funding of capital expenditure towards purchase of plant and machineries for expansion at the existing manufacturing facility

Our company intends to expand and upgrade our manufacturing capacities for existing formulations and new formulations currently in development and commercialization stages. As the company plans to enter the injectable section, particularly in the oncology field, we require new plants and machinery for manufacturing injectable sections comprising liquid vials and ampoules, as well as dry injections, particularly in the field of oncology. Regarding the current installed and utilized capacity of our manufacturing facility, we understand that it relates to those products currently being manufactured by our company. With the infusion of funds from the Objects of the Issue, we intend to enter the injectable section comprising liquid vials and ampoules, as well as dry injections, particularly in the field of oncology. This move will pave our way to diversify our product portfolio and enter into new product lines.

Relating to government approval, we understand that our company already possesses the relevant government approval. We hold a Drugs Manufacturing License, License Form 28, with License No. 28/08/98 issued on November 13, 1998, by the Food & Drugs Control Administration, Madhya Pradesh. This license is required for the manufacturing of new products. For further details, kindly refer to the chapter titled, “Government and Statutory Approvals” on page 216 of this Draft Red Herring Prospectus.

2. Funding working capital requirements

Our business is working capital intensive. We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals and financing from banks. As on September 30, 2023, the aggregate amount sanctioned by the banks to our Company under the fund-based cash credit facilities amounted to ₹ 470.00 Lakhs. For details of facilities availed by us, see chapter titled “Financial Indebtedness” beginning on page 190 of this Draft Red Herring Prospectus. We propose to utilise ₹ 1,000.00 Lakhs from the Net Proceeds to fund the working capital requirements of our Company in Fiscal Year 2025.

Basis of estimation of long-term working capital requirement:

Considering our Company’s current Order Book as on May 02, 2024 of Rs. 2109.84 Lakhs and on the basis of our existing working capital requirements, our Board pursuant to its resolution dated February 29, 2023 has approved the estimated and projected working capital requirements for Fiscal 2024 and Fiscal 2025 as set forth below:

(₹ in Lakhs)

Sr. No.	Particulars	Provisional	Projected
		Fiscal 2023 -2024	Fiscal 2024 -2025
I	Current Assets		
	Inventories	2227.57	3100.39
	Trade Receivables	3723.87	5029.02
	Short Term Loans and Advances	256.85	339.20
	Other Current Assets	29.86	65.59
	Total (A)	6238.15	8534.20
II	Current Liabilities		
	Trade payables	2955.32	3283.61
	Other Current Liabilities	80.45	88.50
	Short Term Provisions	486.25	646.51
	Total (B)	3522.02	4018.62
III	Total Working Capital Gap (A-B)	2716.13	4515.58
IV	Funding Pattern		
	Internal Accruals & Short Borrowings	2716.13	3515.58
	IPO Proceeds	-----	1,000.00

The projected working capital details as at March 31, 2024 and March 31, 2025 has been certified by our statutory auditor, M/s /s Shyam S. Gupta & Associates, Chartered Accountants pursuant to their certificate dated February 29, 2024.

Assumptions for working capital projections made by our Company:

We intend to expand and upgrade our manufacturing capacities for existing formulations and new formulations currently in development and commercialization stages. Our plan involves increasing production capacity by installing new plants and machinery at our existing manufacturing facility. We firmly believe that investing in these plants and machinery will augment our current installed capacity, enabling us to address demand in the pharmaceutical injectable sector, particularly in oncology. Our objective is to establish an injectable section comprising liquid vials and ampoules, as well as dry injections, including a lyophilizer line, to ensure efficient production processes.

We aim to expand and diversify our product portfolio by increasing its base and introducing new ranges of product lines. This expansion will allow us to capture future growth trends. We also intend to explore opportunities to expand our operations by developing new products and services within our existing lines of business. This will help us expand our customer base and increase revenue from operations.

Maintaining adequate working capital is crucial to ensuring that we can adequately stock raw materials and finished goods. It might be beneficial to analyze cash flow projections and explore options such as optimizing inventory management, negotiating favorable terms with suppliers, or securing additional financing if necessary. Expanding into new section necessitates a larger investment in inventory, as the products are typically priced higher and require quality control. The working capital increase is crucial to ensure we can adequately stock raw materials and packing material.

The table below sets forth the details of holding levels (in days) for Fiscal 2021, Fiscal 2022, Fiscal 2023 and for the Period ended September 30, 2023 as well as projections for Fiscal 2024 and Fiscal 2025:

Particulars	Actual	Actual	Actual	Actual	Estimated	Projected
	FY 2020-21	FY 2021-22	FY 2022-23	Period ended 30.09.2023	FY 2023-24	FY 2024-25
Debtor Holding Days	99	96	124	202	127	159
Creditor Holding Days	131	103	182	251	188	175
Inventory Holding Days	38	8	53	65	116	149

SECTION VI – ABOUT THE COMPANY

OUR BUSINESS

OUR STRATEGIES

1. Expansion and upgradation of our manufacturing facility

We intend to expand and upgrade our manufacturing capacities for existing formulations and new formulations that are currently in development and commercialization stages. Our plan involves increasing production capacity by installing new plants and machinery at our existing manufacturing facility. We firmly believe that our investment in these plants and machineries will augment our current installed capacity, thereby enabling us to address the demand in the pharmaceutical injectable sector, particularly in the field of oncology. Our objective is to establish an injectable section comprising liquid vials and ampoules, as well as dry injections, including a lyophilizer line, to ensure efficient production processes.

We plan to fund capital expenditure towards purchase of plant and machineries for expansion and upgradation at the existing manufacturing facility from net proceeds of the issue. For details, also see “*Objects of the Issue*” on page 81 We will continue to pursue such opportunities where we believe they will add value to our business, our stakeholders and our customers.

3. Widen our product portfolio

Our Company aims to expand and diversify our product portfolio by increasing its product base and introducing new range of product lines. We plan to continue expanding our manufacturing capabilities in order to capture future growth trends. We intend to explore opportunities to expand our operations by developing new products and services within our existing lines of business. Our plan involves increasing production capacity by installing new plant and machineries at our existing manufacturing facility. We firmly believe that our investment in these plants and machineries will augment our current installed capacity, thereby enabling us to address the demand in the pharmaceutical injectable sector, particularly in the field of oncology. Our objective is to establish an injectable section comprising liquid vials and ampoules, as well as dry injections, employing technology, including a lyophilizer line, to ensure efficient production processes.

LIST OF MACHINERY, TESTING EQUIPMENT INSTALLED

Sr. No.	NAME OF EQUIPMENT	MAKE	MODEL/ SR NO.	ID. NO.
1.	ANALYTICAL BALANCE	OHAUS	PAG214C	QC/EQP-A/01
2.	OVEN	PATHAK ELECTRICAL WORK BOMBY-63	164	QC/EQP-A/03
3.	CONDUCTIVITY METER	EI	601	QC/EQP-A/04
4.	POLARIMETER	MEMORIAL SCIENTIFIC CORPORATION	-----	QC/EQP-A/05
5.	REFRACTOMETER	SCIENTECH TM	-----	QC/EQP-A/06
6.	FRIABILITY TESTER	PATHAK ELECTRICAL WORK BOMBY-63	104	QC/EQP-A/07
7.	CENTRIFUGE APPARATUS	LAB HOSP	-----	QC/EQP-A/08
8.	MUFFLE FURNANCE	NAVYUG	-----	QC/EQP-A/09
9.	LOD OVEN	LAB HOSP	-----	QC/EQP-A/10
10.	DT APPARATUS	SCIENTECH INSTRUMENT DELHI	R-17010546	QC/EQP-A/11
11.	DISSOLUTION TEST APPARATUS	ELECTROLAB	TDT-08L	QC/EQP-A/12
12.	DISSOLUTION TEST APPARATUS	ELECTROLAB	TDT-08L	QC/EQP-A/13
13.	DISSOLUTION TEST APPARATUS	ELECTROLAB	TDT-08L	QC/EQP-A/14
14.	UV-VIS SPECTROPHOTOMETER	SHIMADZU	UV-1800	QC/EQP-A/15
15.	UV-VIS SPECTROPHOTOMETER	SHIMADZU	Bio Spec -1601	QC/EQP-A/16
16.	BULK DENSITY APPARATUS	PATHAK ELECTRICAL WORK BOMBY-63	Z02	QC/EQP-A/18
17.	TLC CHAMBER	MACRO SCIENTIFIC WORKS (R)	1139	QC/EQP-A/19

Sr. No.	NAME OF EQUIPMENT	MAKE	MODEL/ SR NO.	ID. NO.
18.	UV CABINATE	MACRO SCIENTIFIC WORKS (R)	MSW-508	QC/EQP-A/20
19.	MELTING POINT APPARATUS	RADIX	4A055	QC/EQP-A/21
20.	LEAK TEST APPARATUS	EI	961	QC/EQP-A/22
21.	KARL FISCHER	VEEGO	51/0914ST	QC/EQP-A/23
22.	FLAME PHOTOMETER	LABTRONICS	LT-671	QC/EQP-A/24
23.	STABILITY CHAMBER (LONG TERM)	LABLINE	-----	QC/EQP-A/25
24.	STABILITY CHAMBER (ACCELERATED)	LABLINE	-----	QC/EQP-A/26
25.	HPLC PROMINENCE I LC 2030	SHIMADZU	LC 2030	QC/EQP-A/27
26.	COLUMN C18(250×4.6MM×5µm)	SHIMADZU	16J03236	QC/EQP-A/C-1
27.	COLUMN C18(250×4.6MM×5µm)	SHIMADZU	15L03519	QC/EQP-A/C-2
28.	ODS HYPERSIL Column	THERMO FISHER SCIENTIFIC	10555010	QC/EQP-A/C-3
29.	PEERLESS C18 (300mm×4.6mm×5µm)	PEERLESS	13071070805	QC/EQP-A/C-4
30.	COLUMN C18(250×4.6MM×5µm)	CHROMACHEMIC PURITAS	A18081701	QC/EQP-A/C-5
31.	COLUMN C18(4.6×250MM×5µm)	WELCH	60190501349	QC/EQP-A/C-6
32.	COLUMN C18(4.6×150MM×5µm)	WELCH	60191100826	QC/EQP-A/C-7
33.	COLUMN C18(4.6×250MM×5µm)	WELCH	60191101074	QC/EQP-A/C-8
34.	COLUMN C18(4.6×300MM×5µm)	WELCH	60191200166	QC/EQP-A/C-9
35.	COLUMN C18(4.6×250MM×5µm)	AGILENT	USNH050493	QC/EQP-A/C-10
36.	COLUMN C18(4.6×250MM×5µm)	SHIMADZU	22D53426	QC/EQP-A/C-11
37.	COLUMN C18(4.6×250MM×5µm)	SHIMADZU	22L69398	QC/EQP-A/C-12
38.	COLUMN C18(3.9×300MM×10µm)	WATERS	02393218813818	QC/EQP-A/C-13
39.	pH METER	HANNA (EDGE DEDICATED INSTRUMENT)	C04440C7	QC/EQP-A/28
40.	STABILITY CHAMBER (LONG TERM CONTINUITY)	LAB. HOSP	-----	QC/EQP-A/29
41.	VISCOMETER	LABMAN	LMDV-60	QC/EQP-A/30
42.	FT-IR SPECTROSCOPY	PERKINELMER	108138	QC/EQP-A/31
43.	BURSTING STRENGTH TESTER	UBIQUE	2053E	QC/EQP-A/32
44.	ELECTRONIC BALANCE	SARTORIUS	CP225D	QC/EQP-A/33
45.	HPLC I-SERIES LC-2050 C	SHIMADZU	LC-2050 C	QC/EQP-A/35
46.	ANALYTICAL BALANCE	METTLER TOLEDO	ME204	QC/EQP-A/01
47.	pH METER	EUTECH	2067492	QC/EQP-A/02
48.	OVEN	PATHAK ELECTRICAL WORK BOMBY-63	164	QC/EQP-A/03
49.	CONDUCTIVITY METER	EI	601	QC/EQP-A/04
50.	POLARIMETER	MEMORIAL SCIENTIFIC CORPORATION	-----	QC/EQP-A/05
51.	REFRACTOMETER	SCIENTECH TM	-----	QC/EQP-A/06
52.	FRIABILITY TESTER	PATHAK ELECTRICAL WORK BOMBY-63	104	QC/EQP-A/07
53.	CENTRIFUGE APPARATUS	LAB HOPS	-----	QC/EQP-A/08
54.	MUFFLE FURNANCE	NAVYUG	-----	QC/EQP-A/09
55.	LOD OVEN	LAB HOPS	-----	QC/EQP-A/10
56.	DT APPARATUS	SCIENTECH INSTRUMENT DELHI	R-17010546	QC/EQP-A/11
57.	DISSOLUTION TEST APPARATUS	ELECTROLAB	TDT-08L	QC/EQP-A/12
58.	DISSOLUTION TEST APPARATUS	ELECTROLAB	TDT-08L	QC/EQP-A/13
59.	DISSOLUTION TEST APPARATUS	ELECTROLAB	TDT-06P	QC/EQP-A/14
60.	UV-VIS SPECTROPHOTOMETER	SHIMADZU	UV-1800	QC/EQP-A/15

Sr. No.	NAME OF EQUIPMENT	MAKE	MODEL/ SR NO.	ID. NO.
61.	UV-VIS SPECTROPHOTOMETER	SHIMADZU	Bio Spec -1601	QC/EQP-A/16
62.	FT-IR	JASCO	FT/IR-200E	QC/EQP-A/17
63.	BULK DENSITY APPARATUS	PATHAK ELECTRICAL WORK BOMBAY-63	Z02	QC/EQP-A/18
64.	TLC CHAMBER	MACRO SCIENTIFIC WORKS (R)	1139	QC/EQP-A/19
65.	UV CABINATE	MACRO SCIENTIFIC WORKS (R)	MSW-508	QC/EQP-A/20
66.	MELTING POINT APPARATUS	RADIX	MP-D	QC/EQP-A/21
67.	LEAK TEST APPRATUS	ASHOKA	-----	QC/EQP-A/22
68.	KARL FISCHER	VEEGO	51/0914ST	QC/EQP-A/23
69.	FLAME PHOTOMETER	ESICO	381	QC/EQP-A/24
70.	STABILITY CHAMBER (LONG TERM)	LABLINE	-----	QC/EQP-A/25
71.	STABILITY CHAMBER (ACCELERATED)	LABLINE	-----	QC/EQP-A/26
72.	HPLC PROMINENCE I LC 2030	SHIMADZU	LC 2030	QC/EQP-A/27
73.	COLUMN C18(250×4.6MM×5µm)	SHIMADZU	16J03236	QC/EQP-A/27-1
74.	COLUMN C18(250×4.6MM×5µm)	SHIMADZU	15L03519	QC/EQP-A/27-2
75.	ODS HYPERSIL Column	THERMO FISHER SCIENTIFIC	10555010	QC/EQP-A/27-3
76.	PEERLESS C18 (300mm×4.6mm×5µm)	PEERLESS	13071070805	QC/EQP-A/27-4
77.	COLUMN C18(250×4.6MM×5µm)	CHROMACHEMIC URITAS	A18081701	QC/EQP-A/27-5
78.	COLUMN C18(4.6×250MM×5µm)	WELCH	60190501349	QC/EQP-A/27-6
79.	COLUMN C18(4.6×150MM×5µm)	WELCH	60191100826	QC/EQP-A/27-7
80.	COLUMN C18(4.6×250MM×5µm)	WELCH	60191101074	QC/EQP-A/27-8
81.	COLUMN C18(4.6×300MM×5µm)	WELCH	60191200166	QC/EQP-A/27-9
82.	VISCOMETER	LABMAN	LMDV-60	QC/EQP-A/30
83.	FT-IR SPECTROSCOPY	PERKINELMER	108138	QC/EQP-A/31
84.	BURSTING STRENGTH TESTER	UBIQUE	2053E	QC/EQP-A/32
85.	ELECTRONIC BALANCE	SARTORIUS	CP225D	QC/EQP-A/33
86.	MUFFLE FURNANCE	I-THERM	AI-7982	QC/EQP-A/34

Sr. No.	NAME OF EQUIPMENT	MAKE	ID. NO.
1.	VERNIER'S CALIPER (Manual)	AERO SPACE	QC/EQP-B/01
2.	HARDNESS TESTER	TAB. MACHINES	QC/EQP-B/02
3.	SCREW GAUGE	INSIZE	QC/EQP-B/03
4.	SONICATOR (3.5 Lit.)	PCI (ANALYTICS)	QC/EQP-B/04
5.	SONICATOR (2.5 Lit.)	LABMAN	QC/EQP-B/05
6.	HOT PLATE	THERMOSTAT	QC/EQP-B/06
7.	HEATING MANTLE	KUMAR INDUSTRIES	QC/EQP-B/07
8.	TEMPERATURE CONTROLLER (For Dissolution)	ELECTROLAB	QC/EQP-B/08
9.	MAGNETIC STIRRER	REMI EQUIPMENT	QC/EQP-B/09
10.	WATER BATH	LAB HOSP	QC/EQP-B/10
11.	REFRIGERATOR	GODREJ	QC/EQP-B/11
12.	DESICCATOR	---	QC/EQP-B/12
13.	DESICCATOR	----	QC/EQP-B/13
14.	DESICCATOR	----	QC/EQP-B/14
15.	DRY BOX	TECHNO SEARCH	QC/EQP-B/15
16.	VERNIER'S CALIPER (Digital)	AERO SPACE	QC/EQP-B/16
17.	DATA LOGGER (QC Lab.)	ERUOLAB	QC/EQP-B/17
18.	DATA LOGGER (LT Stability Chamber)	EASYLOG	QC/EQP-B/18
19.	SONICATOR (1.5 Lit.)	LABMAN	QC/EQP-B/19
20.	HPLC PC(DELL) WINDOW 10	DELL	QC/EQP-B/20

Sr. No.	NAME OF EQUIPMENT	MAKE	ID. NO.
21.	SONICATOR (6.5 Lit.)	LABMAN	QC/EQP-B/21
22.	DIGITAL TECHNO METER	MICRO PROCESSOR	QC/EQP-B/22
23.	SIEVE (MESH NO. 22) 0.710 MM	JAYANT SCIENTIFIC	QC/EQP-B/23
24.	DESICCATOR	----	QC/EQP-B/24
25.	PC (LG) WINDOWS 7	LG	QC/EQP-B/25
26.	FTIR & UV PC (DELL) WINDOWS-7	DELL/VISION	QC/EQP-B/26
27.	DATA LOGGER (Short Term Stability Chamber)	ERUOLAB	QC/EQP-B/27
28.	WATER DISTILLATION APPARATUS	GENIST INTERNATIONAL	QC/EQP-B/28
29.	PC (LG) WINDOWS 7	LG	QC/EQP-B/29
30.	HOT PLATE	H.C MEMORIAL	QC/EQP-B/30
31.	HPLC - LC 2050 PC WINDOWS 10	ZEBRONICS/DELL	QC/EQP-B/31
32.	CANNON PRINTER	PIXMA	QC/EQP-B/32
33.	CANNON PRINTER	MF241D	QC/EQP-B/33
34.	EPSON PRINTER	M205	QC/EQP-B/34

Sr. No.	NAME OF EQUIPMENT	MAKE	ID. NO.
1.	HOT AIR OVEN (DRYING)	PATHAK ELECTRONICS WORKS BOMBAY/118	QL/MIC/01
2.	BOD INCUBATOR	NEWTRONICS	QL/MIC/02
3.	AUTOCLAVE (For Sterilization)	HC MEMORIAL SCIENTIFIC CORPORATION INDIA LTD.	QL/MIC/03
4.	BACTERIAL INCUBATOR	NAVYUG INDIA	QL/MIC/04
5.	PATHOGENS INCUBATOR	LAB HOSP CORPORATION BOMBAY INDIA	QL/MIC/05
6.	AUTOCLAVE (For Discarding)	REMI ELECTRONIC PVT. LTD.	QL/MIC/06
7.	DIGITAL BALANCE	PHOENIX NITIRAJ ENGINEERING PVT. LTD.	QL/MIC/07
8.	FUMIGATOR	REMI ELECTRONIC PVT. LTD.	QL/MIC/08
9.	ANTIBIOTICS ZONE READER	HC MEMORIAL SCIENTIFIC CORPORATION INDIA LTD.	QL/MIC/09
10.	MICROSCOPE	EVEREST OPTICS PVT. LTD.	QL/MIC/10
11.	INCUBATOR (FOR E. COLI) PATHOGENS	LAB TECH INSTRUMENT INDIA LTD.	QL/MIC/11
12.	COLONY COUNTER (DIGITAL)	REMI ELECTRONIC PVT. LTD.	QL/MIC/12
13.	CYCLOMIXER	REMI ELECTRONIC PVT. LTD.	QL/MIC/13
14.	LAMINAR AIR FLOW	-----	QL/MIC/14
15.	HEATING MENTAL	KUMAR INDUSTRIES	QL/MIC/15
16.	MAGNETIC STIRRER	ITEK PVT. LTD.	QL/MIC/16

RAW MATERIAL

The basic raw material required to manufacture formulation is basic drug / bulk drug comprising of both active and nonactive ingredients. The active raw materials are required in bulk quantities whereas non-active (diluent / excipients) are required in small quantities. The raw materials items are procured from time to time as per the production planning.

We procure raw materials essential to our business in the ordinary course of business from numerous suppliers. Our company procures raw materials from domestic markets within India. Our manufacturing processes involve a wide variety of raw materials, including APIs, emulsifying wax, dextrose anhydrous, flavors, pharmaceutical - grade sugar, colorants, aqueous coating materials, and packaging materials such as primary, printed, and other materials. Our raw materials are mainly sourced in the domestic market from Uttar Pradesh, Madhya Pradesh, Maharashtra, Himachal Pradesh, Gujarat, Assam, Uttarakhand, Telangana, Delhi, Haryana, and Karnataka. Purchases made from our top 10 suppliers for the period ending September 30, 2023, and for the financial years ending March 31, 2023, 2022, and 2021 were ₹ 908.14 Lakhs, ₹ 1,700.88 Lakhs, ₹ 1,339.98 Lakhs, and ₹ 721.08 Lakhs, respectively, representing 38.60%, 32.80%, 29.96%, and 33.64% of our total raw material purchases.

We purchase these raw materials from a list of sources that we maintain, which has been approved by our internal quality control department following set standards and by our customers. We carefully assess the reliability of all materials

purchased to ensure that they comply with the rigorous quality and safety standards required for our products. In an effort to manage risks associated with raw materials supply, we work closely with our suppliers to help ensure availability and continuity of supply while maintaining quality and reliability.

The following table illustrates the concentration of our revenues among our top Supplier:

(₹ in Lakhs)

Particulars	Suppliers							
	September 30, 2023		March 31, 2023		March 31, 2022		March 31, 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Top 5	788.16	33.61	1377.77	26.56	1113.92	24.90	617.82	29.36
Top 10	905.14	38.60	1700.88	32.79	1339.98	29.96	707.81	33.64

*As certified by M/s Shyam S. Gupta & Associates, Chartered Accountants, by way of their certificate dated January 02, 2024.

CUSTOMERS, SALES AND MARKETING

Our Company have been receiving sales orders from the private sector & government institutions on regular basis. Our company also engages in contract manufacturing, also known as white label manufacturing for pharmaceutical companies. This collaborative approach offers benefits to the purchasers, including cost efficiency through bulk production, capacity scaling, regulatory compliance, reduced lead times, risk mitigation, access to specialized technologies, geographical expansion, cost effective compliance, and resource optimization.

Our company monitors various sources to identify potential government tender opportunities. These sources may include government procurement websites, newspapers, trade publications, and specialized tender notification services. Once a tender opportunity is identified, our company carefully reviews the tender documents, which typically include the scope of work, pharmaceutical formulations, terms and conditions, evaluation criteria, and submission deadlines. Some government tenders may include pre-bid meetings or offer opportunities for bidders to seek clarifications on the tender documents.

Our company prepares the bid in accordance with the tender requirements. This process may involve developing proposals, cost estimates, project timelines, and other relevant documentation. After the submission of the bid, government agencies or procurement departments evaluate the received bids based on predetermined criteria, which may include factors such as compliances, price, qualifications, experience, and past performance. Once the evaluation process is complete, the government agency or procurement department awards the contract to our company. The award decision is typically communicated to our company through mail or post. After the contract is awarded, it is signed by both parties, marking the official commencement of the production process.

The successful bidding for government tenders business and collaboration with major state and central government institutions and corporations over the past few years is a significant achievement for our company. This demonstrates our company's ability to compete effectively in the public procurement process and secure contracts to provide goods to government entities. Collaborating with major state and central government institutions and corporations further enhances our company's reputation and credibility in the market.

The efficiency of the marketing network is critical to the success of our Company. Our success lies in the strength of our relationship with our customers who have been associated with our Company. Our team through their vast experience owing to timely and quality delivery of services plays an instrumental role in creating and expanding a work platform for our Company. We have in-house team which looks after the sales and marketing of our products. Our in-house team work closely with our existing and prospective customers to understand their technical needs and specifications, evolving preferences and meet their requirements.

CAPACITY AND CAPACITY UTILISATION

(Quantity in No's)

Sr No.	Product	September 30, 2023			FY 2022-23			FY 2021-2022			FY 2020-2021		
		Installed Capacity	Utilised Capacity	Utilization %	Installed Capacity	Utilised Capacity	Utilization %	Installed Capacity	Utilised Capacity	Utilization %	Installed Capacity	Utilised Capacity	Utilization %
1	Liquid Syrup	60 Lakh Litre	29.30 Lakh Litre	48.33	60 Lakh Litre	42 Lakh Litre	66.66	45 Lakh Litre	42 Lakh Litre	93.33	30 Lakh Litre	28 Lakh Litre	93.33

Sr No.	Product	September 30, 2023			FY 2022-23			FY 2021-2022			FY 2020-2021		
		Installed Capacity	Utilised Capacity	Utilization %	Installed Capacity	Utilised Capacity	Utilization %	Installed Capacity	Utilised Capacity	Utilization %	Installed Capacity	Utilised Capacity	Utilization %
2	Tablets	360 Crore Tablets	196 Crore Tablets	54.44	360 Crore Tablets	242 Crore Tablets	67.22	240 Crore Tablets	210 Crore Tablets	87.50	180 Crores	164 Crores	91.11
3	Dry Syrup	90000 Kg	12600 kg	14.00	90000 Kg	17000 kg	18.88	60000 Kg	45000 Kg	75	40000 Kg	38500 Kg	96.25
4	Powder ORS	2700 Ton	1489 Tons	55.15	2700 Ton	2150 Tons	79.62	2100 Ton	1950 Tons	92.85	1500 Ton	1388 Ton	92.53
5	External Liquid	12 Lakh Litre	2.09 Lakh Litre	17.42	12 Lakh Litre	4.19 Lakh Litre	18.00	10 Lakh Litre	8.85 Lakh Litre	88.50	6 Lakh Litre	5.850 Lakh Litre	97.5
6	Ointment	432 Tons	169.94 Tons	39.34	432 Tons	212 Tons	49.07	300 Tons	265 Tons	88.23	240 Tons	218 Tons	90.83

Note:

- Capacity utilization has been calculated on the basis of actual production during the relevant fiscal year/ period divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant fiscal year/ period.
- The above information is furnished on the basis of data provided and internal estimates and assumptions.
- The above information is certified by Chartered Engineer, Pradeep Chhabra, vide their certificate dated February 10, 2024.

OUR MANAGEMENT

Senior Management Personnel of our Company:

Mr. Vinayak Sabarwal, aged 22 years, he is the institutional supplies and sales of our company. He has completed Bachelor of Arts in Journalism & Mass Communication from Devi Ahilya University, Indore in the year 2022. He has been associated with our company since 2020. He has around more than 4 years of experience in our company. He was paid ₹18.00 Lakhs as salary in the Fiscal Year 2022- 23.

SHAREHOLDING OF THE KEY MANAGEMENT PERSONNEL AND SENIOR MANAGEMENT

Except for the following, none of our KMPs or senior management hold any shares of our Company as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Director	Designation	No. of Equity Shares	Percentage of Pre-Issue Capital (%)
1.	Mr. Anil Kumar Sabarwal	Chairman & Managing Director	1,01,67,250	85.17%
2.	Ms. Tejaswini Sabarwal	Whole time Director	4,07,000	3.41%
3.	Mr. Vinayak Sabarwal	Senior Management Personnel	2,12,650	1.78%
4.	Mr. Gopal Krishan	Senior Management Personnel	100	Negligible

SECTION VII – FINANCIAL INFORMATION

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

REVIEW OF OPERATIONS FOR THE PERIOD ENDED ON SEPTEMBER 30, 2023:

Profit After Tax

Our Company achieved its revenue by positioning it favorably to negotiate prices for sourcing raw materials at relatively cheaper rates, thereby receiving quantity/trade discounts and cash discounts. In the current period, the effect of the learning curve remained constant, as evidenced by the percentage of employee costs to total revenue, which was 5.68% in the period ended September 30, 2023, and 5.77% in FY 2023. One of the reasons to be considered for the increase in PAT margin in September 30, 2023 as compared with FY 2022-2023 was the payment of a penalty for delay in delivery amounting to Rs 214.85 Lakhs in FY 2022-2023. Considering all these factors and the constant gross margin of 30%, the company booked a profit of 15.23%.

Over the period company became operational efficient and has become compatible to bid for the higher value tenders having huge margins.

FISCAL 2023 COMPARED WITH FISCAL 2022

Profit after Tax

In FY 2023, the rise in margin was specifically due to the increase in revenue, as the company expanded its sales in the states of Madhya Pradesh and Uttar Pradesh. The company kept its gross margin constant at 30%. Since the company received repetitive orders, the initial fixed costs incurred for product development were not required in the current period. This can be observed as the employee costs were reduced to 5.77%, compared to 5.82% in FY 2022. Additionally, the cost of material consumed decreased to 67.47% in FY 2023 from 74.63% in FY 2022.

COMPARISON OF FINANCIAL YEAR ENDED 2022 TO FINANCIAL YEAR ENDED 2021

Profit after Tax

The profit margin for FY 2021 was significantly lower compared to FY 2022, FY 2023, and the stub period ending September 30, 2023. This decline can be attributed to several factors. Firstly, the company experienced minimal operations during FY 2020-21, likely due to the impact of COVID-19. Secondly, the cost of raw materials was substantially higher during this period. Lastly, despite low sales, the company incurred fixed costs, including rent and salaries. These factors collectively contributed to the decrease in profit margin. However, conditions improved in subsequent years, leading to higher profit margins.

In Fiscal Year 2022, as the company gradually recovered from the pandemic, the costs of raw materials and packaging materials began to decline marginally. Additionally, there was a substantial increase in demand for medicines, likely due to heightened awareness surrounding health issues. These factors contributed to a significant rise in revenue during the fiscal period.

Moreover, as demand increased, the company was able to enhance its gross margin, which had previously ranged between 20% and 25%, to 30%. This improvement in gross margin was primarily attributed to the combination of reduced material costs and heightened sales.

Consequently, the company's overall margin for Fiscal 2022 surged from 2.15% to 6.89%. This marked increase underscores the company's successful adaptation to evolving market conditions and its ability to capitalize on emerging opportunities.

SECTION VIII – LEGAL AND OTHER INFORMATION
OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

PART 1: LITIGATION RELATING TO OUR COMPANY

A. FILED AGAINST OUR COMPANY

1) Litigation involving Criminal Laws

- 1. The State of Andhra Pradesh (Represented by Drug Inspector) (Complainant) V/s. 1. M/s. Quest Laboratories Pvt. Ltd.; 2. Mr. Anil Sabarwal;**

P.R.C. No. 27/2013 filed and pending with the Honourable Court of III Additional Judicial First-Class Magistrate, Kakinada and later transferred to Honourable District & Sessions Judge, East Godavari, Rajamahendravaram vide case no. (SC/159/2018)

As stated, M/s. Quest Laboratories Pvt. Ltd (the Company) represented by Mr. Anil Sabarwal, director is a manufacturer of Drugs and is having a manufacturing license under Form 25 & 28 bearing no. 25/18/98.

The complainant herein claims to have taken a sample on August 19, 2010 of Polyfol Forte tablest, Batch no. 13, Mfg. Date: 07/2010, Exp. Date: 12/2011, manufactured by the company, for test / analysis from the Central Drug Stores, APHMHIDC, 23-1-73/A, Old Bus Stand, Kakinada and the sample was sent to Govt. Analyst, drugs Control Laboratory, Vijaywada, as per the provisions of Drugs and Cosmetics Act, 1940. As alleged, the test report of the said sample received on June 29, 2011 declared the sample of non-standard quality for the reason that the sample did not meet the I.P. specifications in respect of Description. Upon receiving confirmation from the pharmacist of the Central Drug Store in question of having received the said drug from M/s. Quest Laboratories Pvt. Ltd., the Complainant herein alleged to have issued letter dated July 16, 2011 to the Company and several reminders thereof requiring the Company to provide Mfg. & Analytical records, Distribution particulars of the said batch and Drug and Manufacturing license to which the Complainant herein had allegedly not received any response. Resultantly, the instant petition was filed by the complainant, alleging the company to be a guilty of manufacturing for sale and distribution of not of Standard quality drug, thereby contravening Section 18(a)(i) r/w. Section 16 punishable u/s. 27(d) of Drugs and Cosmetics (Amendment) Act, 2008 by manufacturing “NOT OF STANDARD QUALITY DRUG”; and b. failure to furnish the constitution particulars and batch manufacturing records of the products as required u/s. 24, 18-B & 22(1) of the Act, thus contravening the provisions of the Sections and punishable u/s. 28, 28-A and 22(3) of the Act, respectively and praying for committal to the Honourable Court of Sessions as per Section 32(2) of the Act and in the interest of Justice.

After considering the matter the Honourable ADJFC Magistrate, Kakinada vide its order dated March 08, 2018, considering it fit and proper case for committal to the Honourable Court of Sessions, committed the case to the Court of sessions, East Godavari, Rajamahendravaram under section 209(a) of Criminal Procedure Code with directions that the Accused shall attend before Hon'ble Court of Sessions, East Godavari District, Rajamahendravaram after receipt of Court summons and the same order shall continue until further Orders of the Hon'ble Sessions Court as required under Sec.209 (b) Cr.P.C.

The matter is pending before the concerned court.

- 2. State Of Maharashtra (Complainant) V/s. 1) Anilkumar S/o Captain S. P. Sabharwal 2) Deependu Shekhar S/o. Hari Keshav Singh 3) Neha Goverdhan Bairagi; 4) M/s. Quest Laboratories Pvt. Ltd. (Parties 1 to 4 individually referred to as defendant no. 1, 2, 3 & 4 respectively and collectively as defendants)**

R.C.C./1390/2021; RCC- Reg. Criminal Case filed u/s. 18ai & 18c, 60 of Drugs & Cosmetic Act filed with Akola Dist & Session Court CJM Akola

As stated, M/s. Quest Laboratories Pvt. Ltd (the Company) represented by Mr. Anil Sabarwal, director is a manufacturer of Drugs and is having a manufacturing license under Form 25 & 28 bearing no. 25/18/98.

The complainant herein claims to have taken a sample of Chlorohexidine Gluconate Solution Hand Sanitizer B.No. E 1705, Mfg. Date: 03/2020, Exp. Date: 08-2021 (manufactured by M/s. Quest Laboratories Pvt. Ltd.) from M/s. Goyal Medical & General Store, New Radhakisan Plot, Akola, as per the provisions of Drugs and Cosmetics Act,

1940. As alleged, the test report no. NSQ/AUR/124775/2020 dated August 18, 2020 declared the sample of non-standard quality for the reason that the content of Chlorhexidine in the sample was less than the permissible limits.

Further as alleged, the name of the defendant no. 4 having been mentioned as manufacturer of the drugs in question, a detailed report as mentioned above was sent to it requiring it to produce certain documents / details before the Complainant. Later the complainant filed the instant petition and the same is pending.

3. **State thr. Kishore M. Rajne Drugs Inspector (Complainant) V/s. 1) Rahul Dangi thr. Managing Director M/s. Quest Laboratories Pvt. Ltd.; 2) Anil Kumar Sabarwal thr. Director M/s. Quest Laboratories Pvt. Ltd. 3) Tejaswini Chouhan; 4) Naval Gopal Sharma; 5) Umendra Ramkrishna Suthar; 6) Quest Laboratories Pvt. Ltd. (parties 1 to 6 respectively referred to as respondent no. 1, 2, 3, 4, 5 & 6 and collectively as Respondents)**

Regular criminal case, RCC/1997/2022 filed u/s. U/s. 18a & 18c 161 34 under Drugs & Cosmetic Act with Vasai District & Addl sessions civil court, 12-4th JT CIVIL JUDGE J.D. J.M.F.C. Vasai

The complainant herein claims to have taken a sample on January 14, 2021 of Lomolok Tablets, Loperamide Hydrochloride Tablets I.P., Batch No. T8838, Mfg. Date: 07/2020, Exp. Date: 11/2023, manufactured by M/s. Quest Laboratories Pvt. Ltd. from the premises of M/s. AERO LIFE PHARMA, situated at shop no. 08, Laxmi Apartment, Waliv, Vasai (East), Dist. Palghar, for inspection and to draw routine samples for test / analysis.

As alleged, the test report of the said sample received on January 24, 2022 bearing no. NSQ/MUM/126825/2022 dated January 20, 2022, declared the samples so collected as of non-standard quality for the reason that the sample did not meet the I.P. specifications for dissolution test. Later, after due enquiry and having received the copy of order from the Joint Commissioner (Head Quarter) and Controlling Authority, Food and Drugs Administration, Mumbai, bearing no. Kathla/MUM/126825/74-22/10 dated February 11, 2022, directions were made to investigate the matter and file prosecution against the manufacturer of the drug and related.

Later, a notice bearing no. T Z-2/KMR/NSQ/126825/448/2022/2 dated June 23, 2022 was handed over to factory manager Mr. Gopal Chauhan upon the alleged visit to the premises of M/s. Quest Laboratories Pvt. Ltd., by the Complainant herein along with Drug Inspector, Bhopal (M.P.) for enquiry and investigation. Upon receipt of the said notice, the Respondent no. 1 herein submitted several papers and records with the complainant, which as per the Complainant, were not up to their satisfaction. On the basis of documents received from the respondents, the complainant held the respondent, liable of manufacturing Non-Standard Quality Drugs and accordingly framed several charges against them and filed the instant petition praying to initiate process against the respondents herein, in accordance with the law.

The matter is pending with the concerned court of jurisdiction.

2) Other Pending Litigation based on Materiality Policy of our Company

- (i) **Union of India Through Drugs Inspector Manoj Choudhary Jatav (Complainant) V/s. 1) M/ Quest Laboratories Pvt. Ltd. Through Director Anil Kumar Sabarwal 2) Anil Kumar Sabarwal (parties 1 & 2 respectively referred to as respondent no. 1& 2 and collectively as Respondents)**

Case No. Sc/336/2022 Rcs Civil Suit Case Class B, Dist Session Court Indore. 22-Additional Sessions Judge And Special Court No. 6 Under Electricity Act

The complainant herein claims to have taken a sample on November 26, 2020 of Ondansetron Tablets IP 4 mg., Batch No. T13104, date of Mfg. Feb 2020, Exp. Dtd. Jan/2022, manufactured by M/s. Quest Laboratories Pvt. Ltd., bearing sample no. SZI/SMP/MCJ/20202-21/A-002 from the premises of Civil Surgeon Store, MTH Compound, Palika Plaza, Phase-2, Indore-452001, for test and analysis under the provision of Section 23 of the Drugs and Cosmetics Act, 1940 and Rules made thereunder.

D

Allegedly one of the samples collected was sent to Government Analyst, Central Drug Testing Laboratory, which after test and analysis, vide its report no. FORM-18/20-21/102/1881 dated March 15, 2021, declared the alleged batch of drug sample to be Not of Standard Quality for the reason that "the sample received did not confirm the IP 2018 standard with respect to dissolution test."

Upon receiving the alleged test report, a notice is alleged to have served to M/s. Civil Surgeon Store requiring them to stop the sale / distribution of the alleged drug and to disclose the name of the supplier and to furnish

several other details and a copy of the said notice is also allegedly said to have been served to the respondent herein.

Upon having allegedly traded the final supply, a notice vide reference no. SZI/2021/MCJ/NSQ/Ondamsetron/Quest/001/533 dated July 30, 2021 along with one sealed sample portion and test report was allegedly served to the respondent requiring them to submit their controversion if any. Later an investigation was carried out on December 09, 2021, at the premises of the Respondent and provided documents were collected.

The Complainant herein later received permission from Drugs Controller General (India) CDSCO, New Delhi vide its letter dated F.No. 09/Prosecution/2022 dated October 31, 2022, for launching prosecution against the respondent and resultantly the instant petition was filed by the Complainant herein, alleging the respondent of manufacturing, selling and distribution drugs of None of Standard Quality.

(ii) Ramnivas Sankhla (Complainant) V/s. 1) M/s Qwest Laboratories Private Limited Through Anil Shabarwal 2) M/S Quest Laboratory Private Limited Through Director Anil Shabarwal (parties 1 & 2 respectively referred to as respondent no. 1& 2 and collectively as Respondents)

Rcs-B-170/2022 Rcs Civil Suit Case Class B, filed with Dist Session Court Indore. 19-Iii Civil Judge Class-I under O7, R1, Civil Procedure Code 1908

The Complainant herein states to have been in the business of providing services of installation and fabrication of Tin Shades and have allegedly been contacted by the respondent no. 2 herein for fabrication and installation of tin shade at the premises of Respondent No. 1 herein at Plot No. 45, Sector-3, Pithampur, Dist. Dhar (alleged premises). The ratelist was allegedly shared and agreed to through whatsapp communication. Later, 2 (two) tin shades were allegedly fabricated and installed by the complainant at the premises of the respondent and the total invoice (including material and labour charges) was raised for Rs. 4,64,801/- out of which an amount of Rs. 3,59,000/- was received and a balance of Rs. 1,05,801/- (Alleged amount) was allegedly pending which was allegedly demanded vide letter dated November 12, 2021 payment of which was regularly deferred by the respondent on some account or the other. Later the complainant herein alleged to have served a demand notice dated January 05, 2022 requiring the respondent to pay the balance amount. However, having received no response from the respondent, the complainant herein filed the instant petition praying for recovery of the alleged amount and the same is pending before the concerned court of jurisdiction.

PART 2: LITIGATION RELATING TO OUR DIRECTORS AND PROMOTER OF THE COMPANY

A. LITIGATION AGAINST OUR DIRECTORS AND PROMOTER

1) Litigation involving Criminal Laws

(i) State of Jharkhand V/s. 1. Anil Sabarwal 2. Kavita Sabarwal

208 Case No. C.C. 131/2016 filed with the Judicial Magistrate Courts, Senior Division-II, Jamtara Court, filed u/s. 18(a)(i), 18(a)(vi) & 18(b) of the Drugs and Cosmetics Act.

A complaint was filed by Naseem Aslam, the drug inspector at Jamtara district in Jharkhand, against Mr. Anil Sabarwal, after finding that the samples of paracetamol oral suspension he collected from the drug store of Sadar Hospital in Jamtara on March 30, 2015 was not-of-standard-quality. From the details of invoices obtained by the drug inspector, the drugs were allegedly found to have been manufactured by M/s. Quest Laboratories Private Ltd in Indore for substantiating his charges leveled against the company, the Drug Inspector produced the laboratory test report of his samples in the court for evidence. The government drug testing laboratory (DTL) in Ranchi conducted the analytical test and the result was that the drug was Not of Standard Quality (NSQ).. The drug was supplied to the hospital by Mehsuk Enterprises, a pharma dealer at Paredih in Jamtara. Accordingly, the Jamtara court registered a case (131/2016) against Mr. Anil Sabarwal, managing director and Kavita Sabarwal, one of the directors of the company under Section 27 (d) of the D&C Act. In the course of time, the proceedings against Kavita Sabarwal had to be dropped because of her sudden death on February 9, 2021, but the case continued against Anil Sabarwal and he was put for hearing on 28.4.2023. The charges were explained to him and he was questioned by the court under section 313 of the Cr PC. He denied his complicity in the crime and stated that he was falsely implicated in the case. After being found guilty of manufacturing 'NSQ' drug, the Principal Sessions Judge at Jamtara in Jharkhand vide its order dated January 23, 2024, has ordered for conviction of Mr. Anil Sabarwal, the managing director of the Quest Laboratories Private Limited in Indore in Madhya Pradesh, for one year imprisonment and imposed a fine of Rs. 20,000, under Section 27 (d) of the Drugs and Cosmetics Act 1940.

However, the court has granted him bail to enable him to appeal to the High Court of Ranchi and Mr. Anil Sabarwal has filed an appeal bearing no. Cr.A(SJ) 5225/2024 has been filed with Jharkhand High Court, Ranchi, on February 26, 2024 and the same is pending.

Matters which have been originally filed against the Company and our Director cum Promoter Mr. Anil Sabarwal has been made party to them in his capacity as the Director of the Company. For further details in respect of these matters please refer section titled “Matters against Our Company”:

Sr. No.	Case Number and Type	Court Where Pending	Relevant Section and Act	Petitioner	Respondent	Stage of Case
1.	R.C.C./1390/2021 RCC - Reg. Criminal Case	Akola Dist & Session Court Cjm Akola	u/s. 18ai & 18c 60 of Drugs & Cosmetic Act	State of Maharashtra	1) Anilkumar S/o Captain S. P. Sabharwal 2) Deependu Shekhar S/o. Hari Keshav Singh 3) Neha Goverdhan Bairagi 4) M/s. Quest Laboratories Pvt. Ltd.	Summons Awaiting
2.	RCC/1997/2022 RCC - Regular Criminal Case	Vasai District & Addl sessions civil court 12-4th JT CIVIL JUDGE J.D. J.M.F.C. Vasai	U/s. 18ai & 18c 161 34 under Drugs & Cosmetic Act	State thr. Kishore M. Rajne Drugs Inspector	1) Rahul Dangi thr. Managing Director M/s. Quest Laboratories Pvt. Ltd.; 2) Anil Kumar Sabarwal thr. Director M/s. Quest Laboratories Pvt. Ltd. 3) Tejaswini Chouhan 4) Naval Gopal Sharma 5) Umendra Ramkrishna Suthar 6) Quest Laboratories Pvt. Ltd.	Awaiting Summons

2) Other Pending Litigation based on Materiality Policy of our Company

Matters which have been originally filed against the Company and our Director cum Promoter Mr. Anil Sabarwal has been made party to them in his capacity as the Director of the Company. For further details in respect of these matters please refer section titled “Matters against Our Company”:

Sr. No.	Case Number and Type	Court Where Pending	Relevant Section and Act	Petitioner	Respondent	Stage of Case
1.	Sc/336/2022 RCS Civil Suit Case Class B	Dist. Session Court Indore. 22 - Additional Sessions Judge and Special Court No. 6 Under Electricity Act	Civil Procedure Code 1908 & Section 27(D) Of Drugs and Cosmetics Act, 1940	Union Of India Through Drugs Inspector Manoj Choudhary Jatav	1) M/ Quest Laboratories Pvt. Ltd. Through Director Anil Kumar Sabarwal 2) Anil Kumar Sabarwal	Matter Relating to Recording of Evidence in Criminal Matter

Sr. No.	Case Number and Type	Court Pending Where	Relevant Section and Act	Petitioner	Respondent	Stage of Case
2.	Rcs-B-170/2022 RCS Civil Suit Case Class B	Dist. Session Court Indore. 19-Iii Civil Judge Class-I	O7, R1, Cilvil Procedure Code 1908	Ramnivas Sankhla	1) M/s Qwest Laboratories Private Limited Through Anil Shabarwal 2) M/S Quest Laboratory Private Limited Through Director Anil Shabarwal	Final Hearing / Final Argument Matters