



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



# PENTAGON RUBBER LIMITED

Our Company was originally incorporated on April 26, 2004 as "Pentagon Rubber Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Punjab, H.P. & Chandigarh. Subsequently our Company was converted into Public Limited Company and name of company was changed from "Pentagon Rubber Private Limited" to "Pentagon Rubber Limited" vide fresh certificate of incorporation dated December 28, 2022 issued by the Registrar of Companies, Chandigarh. For further details, please refer to chapter titled "History and Corporate Structure" beginning on page 130 of the Red Herring Prospectus.

Registered Office: Gulabgarh Road, Village Behra Dist. S.A.S. Nagar, Derabassi, Mohali, Punjab- 140507, India. Tel. No.: +91-9816610646, Email: corporate@pentagonrubber.com, Website: www.pentagonrubber.com CIN: U25192PB2004PLC054282 Contact Person: Ms. Shubhi Kishore, Company Secretary and Compliance Officer.

**OUR PROMOTERS: MR. ASHISH JAIN, MR. ANIL JAIN, MR. SAURABH JAIN AND MR. LALIT JAIN**

## THE ISSUE

INITIAL PUBLIC ISSUE OF 23,10,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH OF PENTAGON RUBBER LIMITED ("PENTAGON" OR "OUR COMPANY") FOR CASH AT A PRICE OF [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF [●] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO [●] LAKHS, OF WHICH 1.16,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF [●] AGGREGATING TO [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION") AND NET ISSUE TO PUBLIC OF 21,94,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF [●] AGGREGATING TO [●] LAKHS (HEREINAFTER REFERRED TO AS THE "NET ISSUE") THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 29.96% AND 28.46% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

**QIB PORTION: NOT MORE THAN 50.00% OF THE NET ISSUE**  
**RETAIL PORTION: NOT LESS THAN 35.00% OF THE NET ISSUE**

**NON-INSTITUTIONAL PORTION: NOT LESS THAN 15.00% OF THE NET ISSUE**  
**MARKET MAKER PORTION: UPTO 1,16,000 EQUITY SHARES OR 5.02% OF THE ISSUE**

**PRICE BAND: RS. 65/- TO RS. 70/- PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH.**

**THE FLOOR PRICE IS 6.50 TIMES OF THE FACE VALUE AND**

**THE CAP PRICE IS 7.00 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.**

**BIDS CAN BE MADE FOR A MINIMUM OF 2000 EQUITY SHARES AND IN MULTIPLES OF 2000 EQUITY SHARES THEREAFTER**

<b>ASBA*</b>	Simple, Safe, Smart way of Application- Make use of it!!!!	*Application Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details check section on ASBA below.	Mandatory in Public Issues from January 01, 2016 No cheque will be accepted		UPI - Now mandatory in ASBA for Retail Investors applying through Registered Brokers, DPs & RTAs. Retail Investors also have the options to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the Bank Account used for bidding is linked to their PAN.
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### Risks to Investors:

- Our top ten customers have contributed 91.42%, 72.55%, 64.50% & 57.52% of our revenues for the period ended December 31, 2022, March 31, 2022, March 31, 2021, March 31, 2020 based on Restated Financial Statements.
- The Merchant Banker associated with the Issue has handled 13 public issue in the past three years out of which 2 Issues closed below the Issue Price on Listing date.
- Average cost of acquisition of Equity Shares held by the Promoters, Mr. Anil Jain is ₹2.10/-, Mr. Lalit Jain is ₹1.55/-, Mr. Ashish Jain is ₹2.46/- and Mr. Saurabh Jain is ₹1.72/-
- The Issue Price at the upper end of the Price Band is ₹70/- per Equity Share.
- Weighted Average Return on Net worth for Fiscals 2022, 2021 and 2020 is 54.34%

### BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Company in consultation with the BRLM on the basis of the key business strengths of our Company. The face value of the Equity Shares is Rs. 10 and Issue Price is 6.50 times the face value at lower end and 7.00 times to the face value at upper end of price band.

**QUALITATIVE FACTORS**

- Leveraging the experience of our Promoter
- Existing client relationship
- Quality Assurance and Quality Control of our Products
- Customer satisfaction and revenues from long standing customer relationships
- Scalable Business Model

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled "Business Overview" beginning on page 110 of the Red Herring Prospectus.

**QUANTITATIVE FACTORS**

Information presented below is derived from our Company's Restated Financial Statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

**Basic & Diluted Earnings per share (EPS), as restated:**

Basic earnings per share (₹) = Restated Consolidated/ Standalone Profit After Tax attributable to Equity Shareholders / Weighted Average Number of Equity Shares outstanding

Diluted earnings per share (₹) = Restated Standalone/ Consolidated Profit After Tax attributable to Equity Shareholders / Weighted Average Number of Equity Shares outstanding after adjusting for the effects of all dilutive potential equity shares

S. No	Period	Basic & Diluted (₹)	Weights
1.	FY 2019-20	1.74	1
2.	FY 2020-21	2.04	2
3.	FY 2021-22	5.72	3
	Weighted Average	3.83	6
	For the Period ended on December 31, 2022*	4.00	

\* Not Annualised

Notes:

- The figures disclosed above are based on the restated financial statements of the Company.
- The face value of each Equity Share is ₹10.00.
- The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV of respective Consolidated and Standalone financials.

**Price Earning (P/E) Ratio in relation to the Price band of ₹65/- ₹70/- per share:**

Price to Earnings Ratio (P/E) =  $\frac{\text{Issue Price}}{\text{Restated Standalone/Consolidated Earnings Per Share}}$

S. No.	Particulars	P/E at the lower end of the Price Band (Number of Times)	P/E at the upper end of the Price Band (Number of Times)
1	P/E ratio based on the Basic & Diluted EPS, as restated for FY 2021-22	11.36	12.24
2	P/E ratio based on the Weighted Average EPS	16.97	18.27

**Industry PE**

Particulars	P/E*
Highest	25.51
Lowest	23.39
Average	24.45

\* Based on Peer Group Companies as presented below.

**Return on Net worth (RoNW)**

Return on Net Worth (%) =  $\frac{\text{Restated Standalone/Consolidated Profit After Tax attributable to Equity Shareholders}}{\text{Net Worth}} \times 100$

S. No	Period	RoNW (%)	Weights
1	FY 2019-20	69.24	1
2	FY 2020-21	44.88	2
3	FY 2021-22	55.67	3
	Weighted Average	54.34	6
	For the Period ended on December 31, 2022*	28.02	

\* Not Annualised

**Net Asset Value (NAV) per Equity Share:**

Restated Net Asset Value per equity share (₹) =  $\frac{\text{Restated Standalone/Consolidated Net Worth as at the end of the year}}{\text{Number of Equity Shares outstanding}}$

Sr. No.	As at	NAV
1.	March 31, 2020	3.39
2.	March 31, 2021	6.14
3.	March 31, 2022	13.86
4.	For the Period ended on December 31, 2022	14.26
5.	NAV after Issue	[●]
	NAV after Issue - At Cap Price	29.47
	NAV after Issue - At Floor Price	30.96

**Comparison of Accounting Ratios with Industry Peers**

S. No.	Name of Company	Results Type	Face Value (₹)	EPS (₹)	PE*	RoNW (%)	NAV per Share (₹)
1.	Somi Conveyor Beltings Limited	Standalone	10.00	1.46	25.51	2.67%	54.52
2.	International Conveyors Limited	Standalone	10.00	2.31	23.39	6.84%	338.06
3.	Pentagon Rubber Limited	Standalone	10.00	5.72	[●]	55.67	13.86

1 Based on March 31, 2022 restated financial statements  
 2 Source: Based on Annual Report of Peer Group Companies  
 3 Basic & Diluted Earnings per share (EPS) is calculated on weighted average number of shares after considering Bonus Issue of Shares.  
 4 Price Earning (P/E) Ratio in relation to the Issue Price of [●] per share which is [●] times of the face value.  
 The face value of our shares is ₹10.00 per share and the Issue Price is of [●] per share which is [●] times of the face value.  
 The Issue Price has been determined by our Company in consultation with the Book Running Lead Manager and justified by our Company in consultation with the Book Running Lead Manager on the basis of above parameters. The investors may also want to peruse the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the Offer Document to have more informed view about the investment.

**Key performance indicators:**

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of various verticals in comparison to our peers. The KPIs disclosed below have been approved, by a resolution of our Audit Committee dated May 27, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the red herring prospectus. Further, the KPIs herein have been certified by M/S. S. Jain & Company, Chartered Accountants, by their certificate dated May 27, 2023 having UDIN 23088469BGRUTK2632

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

**Key Performance Indicators of our Company.**

Key Financial Performance	December 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Revenue from Operations (₹)	2996.12	3502.65	2316.39	1933.03
EBITDA (₹)	381.05	421.30	230.07	205.73
EBITDA Margin (%)	12.72%	12.02%	9.9%	10.64%
PAT	215.86	308.66	110.30	93.81
PAT Margin (%)	7.20%	8.8%	4.76%	4.85%

Notes:

- Revenue from operation means revenue from sales.
- EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses
- EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
- PAT Margin is calculated as PAT for the period/year divided by revenue from operations

**Explanation for KPI metrics**

Key Financial Performance	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business
PAT Margin	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.

**Operational KPI's of the Company:**

Key Financial Performance	December 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Revenue split between domestic and exports				
Domestic Market (in Lakhs)	2926.56	3352.62	2211.29	1761.53
Export Market (in Lakhs)	69.56	150.02	105.10	171.50
Domestic Market (%)	97.68%	95.72%	95.46%	91.12%
Export Market (%)	2.32%	4.28%	4.54%	8.88%
Contribution to revenue from operations of top 1 / 3 / 5 / 10 customers (Amount in Lakhs)				
Top 1	1114.88	717.60	390.22	240.79
Top 3	2011.32	1759.43	945.16	616.57
Top 5	2313.94	2326.29	1239.17	906.19
Top 10	2739.13	3005.85	1813.23	1304.43

Set forth below are the details of comparison of key performance of indicators with our listed industry peers: We have listed peer Companies such as Somi Conveyor Belting Limited and International Conveyors Limited, listed on the Indian Stock Exchanges, of which comparison of Key Performance Indicators as below:

Particulars	Pentagon Rubber Limited				Somi Conveyor Beltings Limited				International Conveyors Limited			
	Dec. 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020	Dec. 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020	Dec. 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Revenue from Operation	2996.12	3502.65	2316.39	1933.03	5494.58	5723.39	4687.51	4628.16	15998	20507.74	16622.42	9130.28
EBITDA	381.05	421.30	230.07	205.73	480.64	666.03	667.86	769.02	3119	3269.35	2747.91	1687.52
EBITDA Margin	12.72%	12.02%	9.9%	10.64%	8.75	11.64	14.25	16.62	19.50	15.94	16.53	18.48
PAT	215.86	308.66	110.30	93.81	148.51	171.58	176.12	242.74	2167	1560.48	1521.39	844.27
PAT Margin	7.20%	8.8%	4.76%	4.85%	2.70	3.00	3.76	5.24	13.55	7.61	9.15	9.25

Notes: (1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements/ Annual Reports of the respected  
 (2) Growth in Revenue from Operations (%) is calculated as Revenue from Operations of the relevant period minus Revenue from Operations of the preceding period, divided by Revenue from Operations of the preceding period.  
 (3) EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income  
 (4) 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations  
 (5) 'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.  
 (6) Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account

**Weighted average cost of acquisition**

a. **The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities):** There has been issuance of Equity Shares during the 18 months preceding the date of the red herring prospectus (Except Bonus Issue of Shares), where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

b. **The price per share of our Company based on the secondary sale / acquisition of shares (equity shares):** There details of secondary sale / acquisitions of Equity Shares, where the promoters, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days is as follows.

Name of Transferor	Date of Transfer	Number of Equity Shares Sold	Face Value (₹)	Transfer Price (₹)	Name of transferee	Total Consideration
Sumeesh Jain	November 24, 2022	54,000			Saurabh Jain	Nil
Kasturi Lal Jain HUF	May 30, 2022	2,57,500			Lalit Jain	
Kasturi Lal Jain		3,89,500			Lalit Jain	
Kamal Prabha Jain		1,03,000			Lalit Jain	
Lalit Kumar Jain HUF		1,77,500			Lalit Jain	
Tushar Jain		44,500			Lalit Jain	
Sumeesh Jain HUF (Sumeesh Jain & Sons)		1,06,000			Saurabh Jain	
Ekta Jain		2,09,000			Sumeesh Jain	
Sarthak Jain		1,25,000			Sumeesh Jain	
Krishan Kumar Jain		1,32,000	10.00	0.00	Anil Jain	
Krishan Kumar Jain		39,000			Ashish Jain	
Shimla Devi Jain		92,000			Ashish Jain	
Anil Kumar Jain HUF		1,19,500			Anil Jain	
Amita Jain		1,47,500			Anil Jain	
Subhash Chand Jain & Sons HUF		62,000			Ashish Jain	
Subhash Chand Jain		96,000			Ashish Jain	
Kaushal Jain		64,500			Ashish Jain	
Ruchika Jain		92,000			Ashish Jain	
Sumeesh Jain		1,41,000			Saurabh Jain	
Sumeesh Jain		91,500			Saurabh Jain	

a) Since there are no such transactions to report to under (a) therefore, information based on last 5 secondary transactions (primary transactions where Promoter / Promoter Group entities or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction, or other than 3 years prior to the date of this Red Herring Prospectus irrespective of the size of transactions, is as below: There have been no primary transactions (Excluding Bonus) to the Promoters, members of the Promoter Group or shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company are a party to the transaction, in the last three years preceding the date of the Red Herring Prospectus.

**Weighted average cost of acquisition on issue price**

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 65/-)	Cap price (i.e. ₹ 70/-)
Weighted average cost of acquisition of primary / new issue as per paragraph a above.	NA*	NA*	NA*
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph b above.	0.00	NA*	NA*
Weighted average cost of acquisition of primary issuances / secondary transactions as per paragraph 8 (c) above	NA*	NA*	NA*

Note - \* There was no primary / new issue of shares (equity/ convertible securities) other than Equity Shares issued pursuant to a bonus issue on November 24, 2022 in last 18 months and three years prior to the date of the Red Herring Prospectus.

Investors should read the above-mentioned information along with section titled "Business Overview", "Risk Factors" and "Financial Information of our Company" beginning on page 110, 25 and 153 respectively including important profitability and return ratios, as set out in chapter titled "Other Financial Information" on page 190 of the Red Herring Prospectus to have a more informed view.

## BID/ISSUE OPENS ON: JUNE 26, 2023 (MONDAY)

## BID/ISSUE CLOSES ON: JUNE 30, 2023 (FRIDAY)

Our Company in consultation with the BRLM may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid / Issue Opening Date in accordance with the SEBI (ICDR) Regulations, 2018. In case of any revisions in the Price Band, the Bid / Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid / Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid / Issue Period for a minimum of three Working Days, subject to the Bid / Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid / Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by registering the change on the website of the Book Running Lead Managers and the terminals of the other members of the Syndicate and by intimation to SCSBs, the Sponsor Bank, Indicated Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 25(3) of the SEBI ICDR Regulations, the issue is being made for at least 25% of the post issue paid up equity share capital of our company. The issue is being made through the book building process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis (the "Anchor Investor Portion"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance equity shares shall be added to the QIB Category. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank account (including UPI ID for RiBs using UPI Mechanism), in which the corresponding Bid Amounts will be blocked by the SCSBs or the Sponsor Bank, as applicable. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see "Issue Procedure" on page 232 of the Red Herring Prospectus.

Bidders / Applicants should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidders/Applicants may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidders/Applicants as available on the records of the depositories. These Demographic Details may be used, among other things, for or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk. Bidders / Applicants should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application

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<b>ASBA*</b>	Simple, Safe, Smart way of Application-Make use of it!!!!	*Application Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details check section on ASBA below.	Mandatory in Public Issues from January 01, 2016 No cheque will be accepted		UPI - Now mandatory in ASBA for Retail Investors applying through Registered Brokers, DPs & RTAs. Retail Investors also have the options to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the Bank Account used for bidding is linked to their PAN.
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### Risks to Investors:

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- The Issue Price at the upper end of the Price Band is ₹70/- per Equity Share.
- Weighted Average Return on Net worth for Fiscals 2022, 2021 and 2020 is 54.34%

### BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Company in consultation with the BRLM on the basis of the key business strengths of our Company. The face value of the Equity Shares is Rs. 10 and Issue Price is 6.50 times to the face value at lower end and 7.00 times to the face value at upper end of price band.

#### QUALITATIVE FACTORS

- Leveraging the experience of our Promoter
- Existing client relationship
- Quality Assurance and Quality Control of our Products
- Customer satisfaction and revenues from long standing customer relationships
- Scalable Business Model

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled "Business Overview" beginning on page 110 of the Red Herring Prospectus.

#### QUANTITATIVE FACTORS

Information presented below is derived from our Company's Restated Financial Statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### Basic & Diluted Earnings per share (EPS), as restated:

S. No	Period	Basic & Diluted (₹)	Weights
1.	FY 2019-20	1.74	1
2.	FY 2020-21	2.04	2
3.	FY 2021-22	5.72	3
	Weighted Average	3.83	6
	For the Period ended on December 31, 2022*	4.00	

Diluted earnings per share (₹) = Restated Consolidated/ Standalone Profit After Tax attributable to Equity Shareholders / Weighted Average Number of Equity Shares outstanding

Price Earning (P/E) Ratio in relation to the Price band of ₹65/- - ₹70/- per share: Issue Price / Price to Earnings Ratio (P/E) =

S. No	Particulars	P/E at the lower end of the Price Band (Number of Times)	P/E at the upper end of the Price Band (Number of Times)
1	P/E ratio based on the Basic & Diluted EPS, as restated for FY 2021-22	11.36	12.24
2	P/E ratio based on the Weighted Average EPS	16.97	18.27

\* Not Annualised

Notes: i. The figures disclosed above are based on the restated financial statements of the Company.

ii. The face value of each Equity Share is ₹10.00

iii. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV of respective Consolidated and Standalone financials.

#### Price Earning (P/E) Ratio in relation to the Price band of ₹65/- - ₹70/- per share:

S. No	Particulars	P/E at the lower end of the Price Band (Number of Times)	P/E at the upper end of the Price Band (Number of Times)
1	P/E ratio based on the Basic & Diluted EPS, as restated for FY 2021-22	11.36	12.24
2	P/E ratio based on the Weighted Average EPS	16.97	18.27

\* Based on Peer Group Companies as presented below.

#### Return on Net Worth (RoNW)

Return on Net Worth (%) = Restated Standalone/Consolidated Profit After Tax attributable to Equity Shareholders \* 100 / Net Worth

S. No	Period	RoNW (%)	Weights
1	FY 2019-20	69.24	1
2	FY 2020-21	44.88	2
3	FY 2021-22	55.67	3
	Weighted Average	54.34	6
	For the Period ended on December 31, 2022*	28.02	

\* Not Annualised

#### Net Asset Value (NAV) per Equity Share:

Restated Net Asset Value per equity share (₹) = Restated Standalone/Consolidated Net Worth as at the end of the year / Number of Equity Shares outstanding

Sr. No.	As at	NAV
1.	March 31, 2020	3.39
2.	March 31, 2021	6.14
3.	March 31, 2022	13.86
4.	For the Period ended on December 31, 2022	14.26
5.	NAV after Issue	16.00
	NAV after Issue - At Cap Price	29.47
	NAV after Issue - At Floor Price	30.96

#### Comparison of Accounting Ratios with Industry Peers

S. No.	Name of Company	Results Type	Face Value (₹)	EPS (₹)	PE	RoNW (%)	NAV per Share (₹)
1.	Somi Conveyor Beltings Limited	Standalone	10.00	1.46	25.51	2.67%	54.52
2.	International Conveyors Limited	Standalone	10.00	2.31	23.39	6.84%	338.06
3.	Pentagon Rubber Limited	Standalone	10.00	5.72	16.97	55.67%	13.86

1 Based on March 31, 2022 restated financial statements

2 Source: Based on Annual Report of Peer Group Companies

3 Basic & Diluted Earnings per share (EPS) is calculated on weighted average number of shares after considering Bonus Issue of Shares.

4 Price Earning (P/E) Ratio in relation to the Issue Price of [●] per share.

The face value of our shares is ₹10.00 per share and the Issue Price is of [●] per share which is [●] times of the face value.

The Issue Price has been determined by our Company in consultation with the Book Running Lead Manager and justified by our Company in consultation with the Book Running Lead Manager on the basis of above parameters. The investors may also want to peruse the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment.

#### Key performance indicators:

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in turn, help us in analyzing the growth of various verticals in comparison to our peers. The KPIs disclosed below have been approved by a resolution of our Audit Committee dated May 27, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the red herring prospectus. Further, the KPIs herein have been certified by M/S. S. Jain & Company, Chartered Accountants, by their certificate dated May 27, 2023 having UDIN 230884698GRUTK2632. Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

#### Key Performance Indicators of our Company.

Key Financial Performance	December 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Revenue from Operations <sup>(1)</sup>	2996.12	3502.65	2316.39	1933.03
EBITDA <sup>(2)</sup>	381.05	421.30	230.07	205.73
EBITDA Margin <sup>(3)</sup>	12.72%	12.02%	9.9%	10.64%
PAT <sup>(4)</sup>	215.86	308.66	110.30	93.81
PAT Margin <sup>(4)</sup>	7.20%	8.8%	4.76%	4.85%

#### Notes:

- Revenue from operation means revenue from sales.
- EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses
- EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
- PAT Margin is calculated as PAT for the period/year divided by revenue from operations

#### Explanation for KPI metrics

Key Financial Performance	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business
PAT Margin	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.

#### Operational KPI's of the Company:

Key Financial Performance	December 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Revenue split between domestic and exports				
Domestic Market (in Lakhs)	2926.56	3352.62	2211.29	1761.53
Export Market (in Lakhs)	69.56	150.02	105.10	171.50
Domestic Market (%)	97.68%	95.72%	95.46%	91.12%
Export Market (%)	2.32%	4.28%	4.54%	8.88%
Contribution to revenue from operations of top 1 / 3 / 5 / 10 customers (Amount in Lakhs)				
Top 1	1114.88	717.60	390.22	240.79
Top 3	2011.32	1759.43	945.16	616.57
Top 5	2313.94	2326.29	1239.17	906.19
Top 10	2739.13	3005.85	1813.23	1304.43

#### Set forth below are the details of comparison of key performance of indicators with our listed industry peers:

We have listed peer Companies such as Somi Conveyor Belting Limited and International Conveyors Limited, listed on the Indian Stock Exchanges, of which comparison of Key Performance Indicators as below:

Particulars	Pentagon Rubber Limited			Somi Conveyor Beltings Limited			International Conveyors Limited		
	Dece. 31, 2022	March 31, 2022	March 31, 2021	Dece. 31, 2022	March 31, 2022	March 31, 2021	Dece. 31, 2022	March 31, 2022	March 31, 2021
Revenue from Operation	2996.12	3502.65	2316.39	1933.03	5494.58	5723.39	4687.51	4628.16	15998
EBITDA	381.05	421.30	230.07	205.73	480.64	666.03	667.86	769.02	3119
EBITDA Margin	12.72%	12.02%	9.9%	10.64%	8.75	11.64	14.25	16.62	19.50
PAT	215.86	308.66	110.30	93.81	148.51	171.58	176.12	242.74	2167
PAT Margin	7.20%	8.8%	4.76%	4.85%	2.70	3.00	3.76	5.24	13.55

Notes: (1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements/ Annual Reports of the respected

(2) Growth in Revenue from Operations (%) is calculated as Revenue from Operations of the relevant period minus Revenue from Operations of the preceding period, divided by Revenue from Operations of the preceding period.

(3) EBITDA is calculated as Profit before tax - Depreciation - Finance Cost - Other Income

(4) "EBITDA Margin" is calculated as EBITDA divided by Revenue from Operations

(5) "PAT Margin" is calculated as PAT for the period/year divided by revenue from operations.

(6) Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account

#### Weighted average cost of acquisition

a. The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities):

There has been issuance of Equity Shares during the 18 months preceding the date of the red herring prospectus (Except Bonus Issue of Shares), where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

b. The price per share of our Company based on the secondary sale / acquisition of shares (equity shares):

There details of secondary sale / acquisitions of Equity Shares, where the promoters, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days is as follows.

Name of Transferee	Date of Transfer	Number of Equity Shares Sold	Face Value (₹)	Transfer Price (₹)	Name of transferee	Total Consideration
Sumeesh Jain	November 24, 2022	54,000			Saurabh Jain	Nil
Kasturi Lal Jain HUF	May 30, 2022	2,57,500			Lalit Jain	
Kasturi Lal Jain		3,89,500			Lalit Jain	
Kamal Prabha Jain		1,03,000			Lalit Jain	
Lalit Kumar Jain HUF		1,77,500			Lalit Jain	
Tushar Jain		44,500			Lalit Jain	
Sumeesh Jain HUF (Sumeesh Jain & Sons)		1,06,000			Saurabh Jain	
Ektia Jain		2,09,000			Sumeesh Jain	
Sarthak Jain		1,25,000			Sumeesh Jain	
Krishan Kumar Jain		1,32,000	10.00	0.00	Anil Jain	
Krishan Kumar Jain		39,000			Ashish Jain	
Shimla Devi Jain		92,000			Ashish Jain	
Anil Kumar Jain HUF		1,19,500			Anil Jain	
Amrita Jain		1,47,500			Anil Jain	
Subhash Chand Jain & Sons HUF		62,000			Ashish Jain	
Subhash Chand Jain		96,000			Ashish Jain	
Kaushal Jain		64,500			Ashish Jain	
Ruchika Jain		92,000			Ashish Jain	
Sumeesh Jain		1,41,000			Saurabh Jain	
Sumeesh Jain		91,500			Saurabh Jain	

a) Since there are no such transactions to report to under (a) therefore, information based on last 5 secondary transactions (primary transactions where Promoter / Promoter Group entities or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction), not older than 3 years prior to the date of this Red Herring Prospectus irrespective of the size of transactions, is as below:

There have been no primary transactions (Excluding Bonus) to the Promoters, members of the Promoter Group or shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company are a party to the transaction, in the last three years preceding the date of the Red Herring Prospectus.

#### Weighted average cost of acquisition on issue price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 65/-)	Cap price (i.e. ₹ 70/-)
Weighted average cost of acquisition of primary / new issue as per paragraph a above.	NA*	NA*	NA*
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph b above.	0.00	NA*	NA*
Weighted average cost of acquisition of primary issuances / secondary transactions as per paragraph 8 (c) above	NA*	NA*	NA*

Note - \* There was no primary / new issue of shares (equity/ convertible securities) other than Equity Shares issued pursuant to a bonus issue on November 24, 2022 in last 18 months and three years prior to the date of the Red Herring Prospectus.

Investors should read the above-mentioned information along with section titled "Business Overview", "Risk Factors" and "Financial Information of our Company" beginning on page 110, 25 and 153 respectively including important profitability and return ratios, as set out in chapter titled "Other Financial Information" on page 190 of the Red Herring Prospectus to have a more informed view.

## BID/ISSUE OPENS ON: JUNE 26, 2023 (MONDAY)

## BID/ISSUE CLOSES ON: JUNE 30, 2023 (FRIDAY)

Our Company in consultation with the BRLM may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI (ICDR) Regulations, 2018. In case of any revisions in the Price Band, the Bid/ Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/ Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and the terminals of the other members of the Syndicate and by intimation to SCSBs, the Sponsor Bank, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

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



# PENTAGON RUBBER LIMITED

Our Company was originally incorporated on April 26, 2004 as "Pentagon Rubber Private Limited" under the provisions of the Companies Act, 1956 with the Registrar of Companies, Punjab, H.P. & Chandigarh. Subsequently our Company was converted into Public Limited Company and name of company was changed from "Pentagon Rubber Private Limited" to "Pentagon Rubber Limited" vide fresh certificate of incorporation dated December 28, 2022 issued by the Registrar of Companies, Chandigarh. For further details, please refer to chapter titled "History and Corporate Structure" beginning on page 130 of the Red Herring Prospectus.

Registered Office: Gulabgarh Road, Village Behra Dist. S.A.S. Nagar, Derabassi, Mohali, Punjab- 140507, India. Tel. No.: +91-9816610646, Email: corporate@pentagonrubber.com, Website: www.pentagonrubber.com CIN: U25192PB2004PLC054282 Contact Person: Ms. Shubhi Kishore, Company Secretary and Compliance Officer.

**OUR PROMOTERS: MR. ASHISH JAIN, MR. ANIL JAIN, MR. SAURABH JAIN AND MR. LALIT JAIN**

## THE ISSUE

INITIAL PUBLIC ISSUE OF 23,10,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH OF PENTAGON RUBBER LIMITED ("PENTAGON" OR "OUR COMPANY") FOR CASH AT A PRICE OF [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF [●] PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO [●] LAKHS, OF WHICH 1,16,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF [●] AGGREGATING TO [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION") AND NET ISSUE TO PUBLIC OF 21,94,000 EQUITY SHARES OF FACE VALUE OF ₹10/- EACH AT A PRICE OF [●] AGGREGATING TO [●] LAKHS (HEREINAFTER REFERRED TO AS THE "NET ISSUE") THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 29.96% AND 28.46% RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

**QIB PORTION: NOT MORE THAN 50.00% OF THE NET ISSUE**  
**RETAIL PORTION: NOT LESS THAN 35.00% OF THE NET ISSUE**

**NON-INSTITUTIONAL PORTION: NOT LESS THAN 15.00% OF THE NET ISSUE**  
**MARKET MAKER PORTION: UPTO 1,16,000 EQUITY SHARES OR 5.02% OF THE ISSUE**  
**PRICE BAND: RS. 65/- TO RS. 70/- PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH.**

**THE FLOOR PRICE IS 6.50 TIMES OF THE FACE VALUE AND**

**THE CAP PRICE IS 7.00 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.**

**BIDS CAN BE MADE FOR A MINIMUM OF 2000 EQUITY SHARES AND IN MULTIPLES OF 2000 EQUITY SHARES THEREAFTER**

<b>ASBA*</b>	Simple, Safe, Smart way of Application-Make use of it!!!	*Application Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For further details check section on ASBA below.	Mandatory in Public Issues from January 01, 2016 No cheque will be accepted	<b>UPI</b> UPI – Now mandatory in ASBA for Retail Investors applying through Registered Brokers, DPs & RTAs. Retail Investors also have the options to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account. Investors are required to ensure that the Bank Account used for bidding is linked to their PAN.
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### Risks to Investors:

- Our top ten customers have contributed 91.42%, 72.55%, 64.50% & 57.52% of our revenues for the period ended December 31, 2022, March 31, 2022, March 31, 2021, March 31, 2020 based on Restated Financial Statements.
- The Merchant Banker associated with the Issue has handled 13 public issue in the past three years out of which 2 Issues closed below the Issue Price on Listing date.
- Average cost of acquisition of Equity Shares held by the Promoters, Mr. Anil Jain is ₹2.10/-, Mr. Lalit Jain is ₹1.55/-, Mr. Ashish Jain is ₹2.46/- and Mr. Saurabh Jain is ₹1.72/-
- The Issue Price at the upper end of the Price Band is ₹70/- per Equity Share.
- Weighted Average Return on Net worth for Fiscals 2022, 2021 and 2020 is 54.34%

### BASIS FOR ISSUE PRICE

The Issue Price has been determined by the Company in consultation with the BRLM on the basis of the key business strengths of our Company. The face value of the Equity Shares is Rs. 10 and Issue Price is 6.50 times to the face value at lower end and 7.00 times to the face value at upper end of price band.

#### QUALITATIVE FACTORS

- Leveraging the experience of our Promoter
- Existing client relationship
- Quality Assurance and Quality Control of our Products
- Customer satisfaction and revenues from long standing customer relationships
- Scalable Business Model

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled "Business Overview" beginning on page 110 of the Red Herring Prospectus.

#### QUANTITATIVE FACTORS

Information presented below is derived from our Company's Restated Financial Statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

##### Basic & Diluted Earnings per share (EPS), as restated:

Basic earnings per share (₹) = Restated Consolidated/ Standalone Profit After Tax attributable to Equity Shareholders

Weighted Average Number of Equity Shares outstanding

Diluted earnings per share (₹) = Restated Standalone/ Consolidated Profit After Tax attributable to Equity Shareholders

Weighted Average Number of Equity Shares outstanding after adjusting adjusted for the effects of all dilutive potential equity shares

S. No	Period	Basic & Diluted (₹)	Weights
1.	FY 2019-20	1.74	1
2.	FY 2020-21	2.04	2
3.	FY 2021-22	5.72	3
	Weighted Average	3.83	6
	For the Period ended on December 31, 2022*	4.00	

\* Not Annualised

Notes:  
i. The figures disclosed above are based on the restated financial statements of the Company.

ii. The face value of each Equity Share is ₹10.00.

iii. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV of respective Consolidated and Standalone financials.

**Price Earning (P/E) Ratio in relation to the Price band of ₹65/- to ₹70/- per share:**

S. No.	Particulars	Issue Price	
		Restated Standalone/ Consolidated Profit After Tax	Weighted Average Number of Equity Shares
1	P/E ratio based on the Basic & Diluted EPS, as restated for FY 2021-22	11.36	12.24
2	P/E ratio based on the Weighted Average EPS	16.97	18.27

#### Industry PE

Particulars	P/E*
Highest	25.51
Lowest	23.39
Average	24.45

\* Based on Peer Group Companies as presented below.

#### Return on Net worth (RoNW)

Return on Net Worth (%) = Restated Standalone/ Consolidated Profit After Tax attributable to Equity Shareholders \* 100

S. No	Period	RoNW (%)	Weights
1	FY 2019-20	69.24	1
2	FY 2020-21	44.88	2
3	FY 2021-22	55.67	3
	Weighted Average	54.34	6
	For the Period ended on December 31, 2022*	28.02	

\* Not Annualised

#### Net Asset Value (NAV) per Equity Share:

Restated Net Asset Value per equity share (₹) = Restated Standalone/ Consolidated Net Worth as at the end of the year

Sr. No.	As at	NAV
1.	March 31, 2020	3.39
2.	March 31, 2021	6.14
3.	March 31, 2022	13.86
4.	For the Period ended on December 31, 2022	14.26
5.	NAV after Issue	[●]
	NAV after Issue – At Cap Price	29.47
	NAV after Issue – At Floor Price	30.96

#### Comparison of Accounting Ratios with Industry Peers

S. No.	Name of Company	Results Type	Face Value (₹)	EPS (₹)*	PE*	RoNW (%)	NAV per Share (₹)
1.	Somi Conveyor Beltings Limited	Standalone	10.00	1.46	25.51	2.67%	54.52
2.	International Conveyors Limited	Standalone	10.00	2.31	23.39	6.84%	338.06
3.	Pentagon Rubber Limited	Standalone	10.00	5.72	[●]	55.67	13.86

1 Based on March 31, 2022 restated financial statements  
2 Source: Based on Annual Report of Peer Group Companies  
3 Basic & Diluted Earnings per share (EPS) is calculated on weighted average number of shares after considering Bonus Issue of Shares.  
4 Price Earning (P/E) Ratio in relation to the Issue Price of [●] per share.

The face value of our shares is ₹10.00 per share and the Issue Price is of [●] per share which is [●] times of the face value. The Issue Price has been determined by our Company in consultation with the Book Running Lead Manager and justified by our Company in consultation with the Book Running Lead Manager on the basis of above parameters. The investors may also want to peruse the risk factors and financials of the Company including important profitability and return ratios, as set out in the Auditors' Report in the offer Document to have more informed view about the investment.

#### Key performance indicators:

The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help us in analyzing the growth of various verticals in comparison to our peers. The KPIs disclosed below have been approved, by a resolution of our Audit Committee dated May 27, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the red herring prospectus. Further, the KPIs herein have been certified by M/S. S. Jain & Company, Chartered Accountants, by their certificate dated May 27, 2023 having UDIN/23088469BGRUTK2632

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

#### Key Performance Indicators of our Company.

Key Financial Performance	(Rs in lakhs)			
	December 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Revenue from Operations	2996.12	3502.65	2316.39	1933.03
EBITDA	381.05	421.30	230.07	205.73
EBITDA Margin	12.72%	12.02%	9.9%	10.64%
PAT	215.86	308.66	110.30	93.81
PAT Margin	7.20%	8.8%	4.76%	4.85%

#### Notes:

- Revenue from operation means revenue from sales.
- EBITDA is calculated as Profit before tax + Depreciation + Interest Expenses
- EBITDA Margin is calculated as EBITDA divided by Revenue from Operations
- PAT Margin is calculated as PAT for the period/year divided by revenue from operations

#### Explanation for KPI metrics

Key Financial Performance	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our Business
PAT	Profit after tax provides information regarding the overall profitability of the business
PAT Margin	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.

#### Operational KPI's of the Company:

Key Financial Performance	December 31, 2022	March 31, 2022	March 31, 2021	March 31, 2020
Revenue split between domestic and exports				
Domestic Market (in Lakhs)	2926.56	3352.62	2211.29	1761.53
Export Market (in Lakhs)	69.56	150.02	105.10	171.50
Domestic Market (%)	97.68%	95.72%	95.46%	91.12%
Export Market (%)	2.32%	4.28%	4.54%	8.88%
Contribution to revenue from operations of top 1/3/5/10 customers (Amount in Lakhs)				
Top 1	1114.88	717.60	390.22	240.79
Top 3	2011.32	1759.43	945.16	616.57
Top 5	2313.94	2326.29	1239.17	906.19
Top 10	2739.13	3005.85	1813.23	1304.43

#### Set forth below are the details of comparison of key performance of indicators with our listed industry peers:

We have listed peer Companies such as Somi Conveyor Belting Limited and International Conveyors Limited, listed on the Indian Stock Exchanges, of which comparison of Key Performance Indicators as below:

Particulars	Pentagon Rubber Limited			Somi Conveyor Beltings Limited			International Conveyors Limited		
	Dece. 31, 2022	March 31, 2022	March 31, 2021	Dece. 31, 2022	March 31, 2022	March 31, 2021	Dece. 31, 2022	March 31, 2022	March 31, 2021
Revenue from Operation	2996.12	3502.65	2316.39	1933.03	5494.56	5723.39	4687.51	4628.16	15998
EBITDA	381.05	421.30	230.07	205.73	480.64	666.03	667.86	769.02	3119
EBITDA Margin	12.72%	12.02%	9.9%	10.64%	8.75	11.64	14.25	16.62	19.50
PAT	215.86	308.66	110.30	93.81	148.51	171.58	176.12	242.74	2167
PAT Margin	7.20%	8.8%	4.76%	4.85%	2.70	3.00	3.76	5.24	13.55

Notes: (1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements/ Annual Reports of the respected  
(2) Growth in Revenue from Operations (%) is calculated as Revenue from Operations of the relevant period minus Revenue from Operations of the preceding period, divided by Revenue from Operations of the preceding period.  
(3) EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income  
(4) EBITDA Margin is calculated as EBITDA divided by Revenue from Operations  
(5) PAT Margin is calculated as PAT for the period/year divided by revenue from operations.  
(6) Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account

#### Weighted average cost of acquisition

a. The price per share of our Company based on the primary/ new issue of shares (equity / convertible securities): There has been issuance of Equity Shares during the 18 months preceding the date of the red herring prospectus (Except Bonus Issue of Shares), where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of 30 days.

b. The price per share of our Company based on the secondary sale / acquisition of shares (equity shares): There details of secondary sale / acquisitions of Equity Shares, where the promoters, members of the promoter group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days is as follows.

Name of Transferor	Date of Transfer	Number of Equity Shares Sold	Face Value (₹)	Transfer Price (₹)	Name of transferee	Total Consideration
Sumeesh Jain	November 24, 2022	54,000			Saurabh Jain	Nil
Kasturi Lal Jain HUF	May 30, 2022	2,57,500			Lalit Jain	
Kasturi Lal Jain		3,89,500			Lalit Jain	
Kamal Prabha Jain		1,03,000			Lalit Jain	
Lalit Kumar Jain HUF		1,77,500			Lalit Jain	
Tushar Jain		44,500			Lalit Jain	
Sumeesh Jain HUF (Sumeesh Jain & Sons)		1,06,000			Saurabh Jain	
Eka Jain		2,09,000			Sumeesh Jain	
Sarthak Jain		1,25,000			Sumeesh Jain	
Krishan Kumar Jain		1,32,000			Anil Jain	
Krishan Kumar Jain		39,000			Ashish Jain	
Shimla Devi Jain		92,000			Ashish Jain	
Anil Kumar Jain HUF		1,19,500			Anil Jain	
Amita Jain		1,47,500			Anil Jain	
Subhash Chand Jain & Sons HUF		62,000			Ashish Jain	
Subhash Chand Jain		96,000			Ashish Jain	
Kaushal Jain		64,500			Ashish Jain	
Ruchika Jain		92,000			Ashish Jain	
Sumeesh Jain		1,41,000			Saurabh Jain	
Sumeesh Jain		91,500			Saurabh Jain	

a) Since there are no such transactions to report to under (a) therefore, information based on last 5 secondary transactions (primary transactions where Promoter / Promoter Group entities or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction), not older than 3 years prior to the date of this Red Herring Prospectus irrespective of the size of transactions, is as below:  
There have been no primary transactions (Excluding Bonus) to the Promoters, members of the Promoter Group or shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company are a party to the transaction, in the last three years preceding the date of the Red Herring Prospectus.

#### Weighted average cost of acquisition on issue price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 65/-)	Cap price (i.e. ₹ 70/-)
Weighted average cost of acquisition of primary / new issue as per paragraph a above.	NA*	NA*	NA*
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph b above.	0.00	NA*	NA*
Weighted average cost of acquisition of primary issuances / secondary transactions as per paragraph 8 (c) above	NA*	NA*	NA*

Note - \* There was no primary / new issue of shares (equity/ convertible securities) other than Equity Shares issued pursuant to a bonus issue on November 24, 2022 in last 18 months and three years prior to the date of the Red Herring Prospectus.

Investors should read the above-mentioned information along with section titled "Business Overview", "Risk Factors" and "Financial Information of our Company" beginning on page 110, 25 and 153 respectively including important profitability and return ratios, as set out in chapter titled "Other Financial Information" on page 190 of the Red Herring Prospectus to have more informed view.

## BID/ISSUE OPENS ON: JUNE 26, 2023 (MONDAY)

Our Company in consultation with the BRLM may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date in accordance with the SEBI (ICDR) Regulations, 2018. In case of any revisions in the Price Band, the Bid/ Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/ Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and the terminals of the other members of the Syndicate and by intimation to SCSBs, the Sponsor Bank, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 25(3) of the SEBI (ICDR) Regulations, the issue is being made for at least 25% of the post issue paid up equity share capital of our Company. The issue is being made through the book building process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis (the "Anchor Investor Portion"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance equity shares shall be added to the QIB Category. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion (excluding Anchor Investor Portion), the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation