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SRIVARI SPICES AND FOODS LIMITED



Corporate Identification Number: U15494TG2019PLC130131

Our Company was incorporated on January 29, 2019 as 'Srivari Spices and Foods Private Limited', a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated January 30, 2019 issued by the Deputy Registrar of Companies, Central Registration Centre. Subsequently, our Company was converted into a public limited company pursuant to a resolution passed by our Shareholders at an extraordinary general meeting held on December 12, 2022 and consequently the name of our Company was changed to 'Srivari Spices and Foods Limited' and a fresh certificate of incorporation dated December 27, 2022 was issued by the Registrar of Companies, Telangana at Hyderabad. The corporate identification number of our Company is U15494TG2019PLC130131. For further details please refer to chapter titled "History and Certain Corporate Matters" beginning on Page No. 113 of this Red Herring Prospectus.

Registered Office: Shed No. 5-105/4/A, SY No.234/A, Sriram Industrial Area, Kattedan, Jalpally, Hyderabad – 500 077, Telangana, India; Telephone: +91 737 588 8999; E-mail: compliance@srivarispces.com; Website: www.srivarispces.com

Corporate Office (Address at which the books of account of our Company are maintained): 4-1-875, 876, 877 and 877/1, RDB Blue Hope, Tilak Road, Abids, Hyderabad-500 001, Telangana, India; Telephone: +91 40 3576 8663; E-mail: info@srivarispces.com; Contact Person: Aradhana Puralal Kawde, Company Secretary & Compliance Officer;

PROMOTERS OF OUR COMPANY: RATHI NARAYAN DAS AND NEIHA RATHI

THE ISSUE

INITIAL PUBLIC ISSUE OF UPTO 21,42,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF SRIVARI SPICES AND FOODS LIMITED (THE "COMPANY" OR "SRIVARI" OR "ISSUER") AT AN ISSUE PRICE OF [-] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [-] PER EQUITY SHARE) FOR CASH, AGGREGATING UP TO ₹ [-] LACS ("PUBLIC ISSUE") OUT OF WHICH 1,08,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [-] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [-] LACS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 20,34,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [-] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [-] LACS IS HERINAFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE 29.99 % AND 28.48 % 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: UP TO 1,08,000 EQUITY SHARES OR 5.04% OF THE ISSUE**

PRICE BAND: RS. 40 TO RS. 42 PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH.

THE FLOOR PRICE IS 4.0 TIMES OF THE FACE VALUE AND

THE CAP PRICE IS 4.2 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.

BIDS CAN BE MADE FOR A MINIMUM OF 3,000 EQUITY SHARES AND IN MULTIPLES OF 3,000 EQUITY SHARES THEREAFTER.

Risks to Investors:

- **Our operations are considerably located in Telangana and Andhra Pradesh and failure to expand our operations may restrict our growth and adversely affect our business.**
- **The Merchant Banker associated with the Issue has handled 14 public issues in the past two years out of which no issues closed below the Issue Price on Listing date**
- **The Price/ Earnings ratio based on Diluted EPS for year ended March 2023 for the company at the upper end of the Price Band is 5.94.**
- **Weighted Average Return on Net worth for Fiscals 2023, 2022 and, 2021 is 24.79%**

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and Equity Qualitative factors as described below. The face value of the Equity Shares is Rs. 10 each and the Issue Price is 4.0 times the face value at the lower end of the Price Band and 4.2 times the face value at the higher end of the Price Band. Investors should also refer to "Our Business", "Risk Factors", "Financial Information of the Company" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 92, 25, 134 and 139, respectively of the Red Herring Prospectus, to have an informed view before making an investment decision.

QUALITATIVE FACTORS

Some of the qualitative factors which form the basis for computing the Issue Price are:

- Experienced Promoters and Management Team
- Long standing relationships with customers
- Consistent financial performance

For further details, please refer chapters titled "Risk Factors" and "Our Business" beginning on Page Nos. 25 and 92, respectively.

QUANTITATIVE FACTORS

The information presented below relating to our Company has been derived from the Restated Financial Statements of our Company. For further details, see "Financial Information of the Company" beginning on page 134 of the Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):

As per the Restated Consolidated Financial Statements:

Sr. No.	Period	Basic & Diluted (₹)	Weights
1	Financial Year 2020-2021	1.87	1
2	Financial Year 2021-2022	1.81	2
3	Financial Year 2022-2023	7.07	3
	Weighted Average		4.45

Note:

1. The ratios have been computed as below:

Basic Earnings per Share (₹) = Net profit/ (loss) as restated, attributable to Equity Shareholders/
Weighted average number of Equity Shares outstanding during the year/period

Diluted Earnings per Share (₹) = Net profit/ (loss) as restated, attributable to Equity Shareholders/
Weighted average number of Diluted Equity Shares outstanding during the year/period

2. Price Earning (P/E) Ratio in relation to the Price Band of ₹ 40 to ₹ 42 per Equity Share of Face Value of ₹ 10/- each fully paid up:

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
P/E ratio based on Basic and Diluted EPS as at March 31, 2023	5.66	5.94
P/E ratio based on Basic and Diluted EPS as at March 31, 2022	22.10	23.20
P/E ratio based on Basic and Diluted EPS as at March 31, 2021	21.40	22.46
P/E ratio based on Weighted Average EPS	8.99	9.44

3. Industry Peer Group P/E ratio

Particulars	Industry P/E
Highest	47.00
Lowest	37.75
Average	42.38

4. Average Return on Return on Net worth (RoNW)*

Sr. No.	Period	RoNW (%)	Weights
1	FY 2020-21	16.53%	1
2	FY 2021-22	14.57%	2
3	FY 2022-23	34.35%	3
4	Weighted Average		24.79

Note: Note: Return on Net worth has been calculated as per the following formula:

RoNW = Net profit/loss after tax, as restated/
Net worth excluding revaluation reserve

Net worth is computed as the sum of the aggregate of paid up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account. It may be noted that equity component of financial instruments is excluded while calculating Net worth of the Company.

5. Net Asset Value (NAV) per Equity Share:

Sr. No.	Particulars	NAV per Share (₹)
1	As on March 31, 2021	10.61
2	As on March 31, 2022	12.42
3	As on March 31, 2023	18.20
4	Net Asset Value per Equity Share after the Issue	[•]
5	Issue price per equity shares	[•]

Note:

a) Net Asset Value has been calculated as per the following formula:

b) NAV = Net worth excluding preference share capital and revaluation reserve/
Outstanding number of Equity shares at the end of the year/period

Net worth is computed as the sum of the aggregate of paid up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account. It may be noted that equity component of financial instruments is excluded while calculating Net worth of the Company.

6. Comparison of Accounting Ratios with Industry Peers:

The following peer group has been determined on the basis of companies listed on Indian stock exchanges, whose business profile is comparable to our businesses:

Name of the Company	CMP*	EPS (₹)	Face Value (₹)	P/E Ratio*	RoNW (%)	NAV Per Share	Total Income (₹ in Lakhs)
Contil India Limited	75.88	2.01	10.00	37.75	8.45%*	23.81	1995.28
Jetmall Spices And Masala Limited	23.03	0.49	10.00	47.00	3.01%*	16.22	394.90
Our Company**	[•]	7.07	10.00	[•]	34.35%	18.20	3582.01

*Source: All the financial information for listed industry peers mentioned above is on consolidated basis, sourced from the filings made with stock exchanges, available on www.bseindia.com as at March 31, 2023. The current market price and related figures are as on March 31, 2023.

7. Key Performance Indicators:

(Rs. in Lakhs except percentages and ratios)

Particulars	As of and for the year/period ended		
	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from Operations	3581.29	1,764.21	1,139.90
EBITDA	567.76	162.58	81.35
Profit After Tax (PAT)	312.61	72.84	35.27
Return on Net Worth	0.62	0.33	0.19
ROCE	23.65%	19.03%	-6.04%
Debt- Equity Ratio	1.40%	0.38%	0.00%

Notes:

- Revenue from operations represents the revenue from sale of service & product & other operating revenue of our Company as recognized in the Restated financial information.
- Total income includes revenue from operation and other income
- EBITDA means Earnings before interest, taxes, depreciation and amortization expense, which has been arrived at by obtaining the profit before tax/ (loss) for the year / period and adding back finance costs, depreciation, and amortization expense.
- EBITDA margin is calculated as EBITDA as a percentage of total income.
- Net Profit for the year/period represents the restated profits of our Company after deducting all expenses.
- Return on net worth is calculated as Net profit after tax, as restated, attributable to the owners of the Company for the year/ period divided by Average Net worth (average total equity). Average total equity means the average of the aggregate value of the paid-up share capital and other equity of the current and previous financial year/period.
- Return on capital employed calculated as Earnings before interest and taxes divided by average capital employed (average capital employed calculated as average of the aggregate value of total equity, total debt and deferred tax liabilities of the current and previous financial year/period).
- Debt- equity ratio is calculated by dividing total debt by total equity. Total debt represents long term and short term borrowings. Total equity is the sum of equity share capital and other equity. Interest coverage ratio is defined as Earnings before interest and taxes (EBIT) divided by finance cost for the year/period.

8. Comparison of the Key Performance indicators with our listed peers:

Particulars	Srivari Spices and Foods Limited			Contil India Limited			Jetmall Spices And Masala Limited		
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from Operations(1)	3581.29	1,764.21	1,139.90	1967.49	1669.78	1407.22	363.68	300.86	1123.46
Total Income	3582.01	1,764.21	1,139.90	1995.28	1745.96	1469.45	394.90	317.75	1125.95
Profit After Tax (PAT)	312.61	72.84	35.27	6484	61.96	63.41	29.25	0.83	4.73

Source: Annual Reports of the respective companies and Financial Results

Notes:

- Revenue from Operations means the Revenue from Operations as appearing Annual Reports of the respected period
- 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.
- EBITDA is calculated as Profit before tax + Depreciation + Interest
- 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.
- Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium

9. The Issue price is [•] times of the face value of the Equity Shares.

The Issue Price of ₹ [•] has been determined by our Company in consultation with the BRLM, on the basis of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with "Risk Factors", "Our Business", and "Financial Statements" on pages 25, 92 and 134, respectively of the Red Herring Prospectus, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "Risk Factors" and you may lose all or part of your investments.

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