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FRESHARA AGRO EXPORTS LIMITED

CORPORATE IDENTITY NUMBER: U10306TN2023PLC165437

Our Company was originally formed as a Partnership Firm under the Partnership Act, 1932 having Firm Registration Number FR/Chennai Central/845/2015 in the name and style of “Freshara Picklz Exports” pursuant to Deed of Partnership dated June 23, 2015. Subsequently our firm was converted from Partnership firm into a public limited company as per the provision of Part I Chapter XXI of the Companies Act, 2013 with the name and style of “FRESHARA AGRO EXPORTS LIMITED” and received a Certificate of Incorporation from the Registrar of Companies, Tamil-Nadu and Andaman situated at Chennai dated November 22, 2023. For details relating to change in the Registered Office of our Company, please refer to “History and Certain Corporate Matters” on page 155 of Red Herring Prospectus.

Registered Office: Old No.3, New No.9, Puram Prakasam Road, Balaji Nagar, Royapettah, Chennai, Tamil Nadu – 600014, India.;
Telephone: +91 44 4357 0138; **E-mail:** cs@fresharaagroexports.com; **Facsimile:** N.A; **Website:** <https://fresharaagroexports.com/>
Contact Person: Mr. Ajay Kumar Rana, Company Secretary & Compliance Officer;

OUR PROMOTERS: MR. JUNAID AHMED, MR. IQBALAHMED KHUDRATHULLAH MOHAMMED AND MRS. ASMA SYED

INITIAL PUBLIC OFFER OF UPTO 64,99,200 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (“EQUITY SHARES”) OF FRESHARA AGRO EXPORTS LIMITED (THE “COMPANY” OR “FRESHARA AGRO EXPORT” OR “FAEL” 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 6,19,200 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 NET ISSUE OF 58,80,000 OF EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [•] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [•] LACS IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE [•]% AND [•]% 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 6,19,200 EQUITY SHARES OR 9.53% OF THE ISSUE

PRICE BAND: ₹ 110 TO ₹ 116 PER EQUITY SHARE OF FACE VALUE ₹ 10/- EACH
THE FLOOR PRICE IS 11.00 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 11.60 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.
BIDS CAN BE MADE FOR A MINIMUM OF 1,200 EQUITY SHARES AND IN MULTIPLES OF 1,200 EQUITY SHARES THEREAFTER.

RISKS TO INVESTORS

- We derive significant portion of our revenue from sale of Gherkins as accounted for 84.90%, 93.50%, and 90.90 of our revenue from operations in Fiscal 2022, 2023 and 2024 respectively. An inability to anticipate and adapt to evolving consumer preferences and demand for particular products, or ensure product quality may adversely impact demand for our products and consequently our business, results of operations, financial condition and cash flows.
- Improper storage, processing or handling of whole products of Gherkins, Baby Corns, Banderilla, Chillies, Bell Pepper and other products may result in spoilage of, and damage to, such whole Gherkins, Baby Corns, Banderilla, Chillies, Bell Pepper and other products which may adversely affect our business prospects, results of operations and financial condition.
- Real or perceived product contamination could result in reduced sales, product liability and damage to our reputation, and subject us to regulatory action.
- We are highly dependent on our management team and certain management personnel, any loss of such team members or the inability to attract or retain research and development personnel may materially adversely affect our business performance and research and development efforts.
- Our company derives a significant portion of its revenue from customers located overseas, including in Russia, which is currently involved in a war with Ukraine.
- The Merchant Banker associated with the Issue has handled 22 public issues in the past two years out of which no issues closed below the Issue Price on Listing date
- Average cost of acquisition of Equity Shares held by our Promoters Mr. Junaid Ahmed, Mr. Iqbalahmed Khudrathullah Mohammed and Mrs. Asma Syed is Rs. 10.00, Rs. 10.00 and Rs. 10.00 per Equity Share and the Issue Price at the upper end of the Price Band is Rs. 116 per Equity Share.
- The Price/ Earnings ratio based on Diluted EPS for the period of April 01, 2023 to January 23, 2024 , for the period of January 24, 2024 to March 31, 2024 ,for the period April 01, 2024 to September 30, 2024 for the company at the upper end of the Price Band are 16.64 , 19.80 and 17.34 respectively.
- Weighted Average Return on Net worth for Fiscals 2023 and, 2022 is 29.70% and For the period of April 01, 2023 to January 23, 2024 is 36.35 % For the period of January 24, 2024 to March 31, 2024 is 36.96 % For the period April 01, 2024 to September 30, 2024 is 29.67% .

BASIS FOR ISSUE PRICE

Qualitative Factors Some of the qualitative factors and our strengths which form the basis for computing the Issue Price are: a. Good relationship with the contract farmers and other vendors ensuring availability of raw materials during off-season period; b. Support of efficient supply-chain enable us to have long-standing and deep customer relationships; c. Quality assurance and quality control of our products and as a result we received various awards and accreditations; d. Advanced in-house processing facilities with focus on cost competitiveness; e. Comprehensive product portfolio enables us to serve our customers spread across the globe; f. Demonstrated history of financial performance and a scalable business model; g. Experienced promoter and management team; For further details, see “Our Business – Strengths” on page 105.			
Quantitative Factors Our Company has been formed upon conversion of Partnership Firm into Company vide a certificate of incorporation dated November 22, 2023. Our Company has been converted with paid up equity share capital of ₹ 17,00,00,000 divided into 1,70,00,000 equity shares of ₹ 10 each. The status of our Company prior to November 22, 2023 was Partnership Firm. Hence, EPS and NAV per share for all the years has been calculated by considering the number of shares outstanding post conversion of partnership firm into Company. The information presented in this section is derived from our Company's restated financial statements for the six-month period ended September 30, 2024. For the period of April 01, 2023 to January 23, 2024, For the period of January 24, 2024 to March 31, 2024 and for the financial year ended on 31st March 2023 and 31st March 2022 prepared in accordance with Indian GAAP, the Companies Act and Restated in accordance with SEBI (ICDR) Regulations. Some of the information presented below relating to our Company is based on the Restated Financial Statements. For details, see “Restated Financial Statements” on page 146. Some of the quantitative factors which may forms the basis for calculating the Issue Price are as follows:			
I. Basic and Diluted Earnings per share (“EPS”)			
Fiscal Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2022	0.57	0.57	01
March 31, 2023	5.34	5.34	02
Weighted Average			3.75
For the period of April 01, 2023 to January 23, 2024*	6.97	6.97	-
For the period of January 24, 2024 to March 31, 2024*	5.86	5.86	-
For the period April 01, 2024 to September 30, 2024	6.69	6.69	
*Not Annualised			
Notes: i. Basic EPS: Net Profit after tax as restated divided by weighted average number of Equity Shares outstanding at the end of the period/ year. ii. Diluted EPS: Net Profit after tax as restated divided by weighted average number of Equity Shares outstanding at the end of the period/year for diluted EPS. iii. Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the year/period adjusted by the number of Equity Shares issued during the year/period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of the total number of days during the year/period. iv. The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the Financial Statements. v. The EPS has been calculated in accordance with AS 20 Earnings Per Share {EPS} issued by Institute of Chartered Accountants of India.			
II. Price/Earning (“P/E”) ratio in relation to Price Band of ₹ 110 to ₹ 116 per Equity Share:			
Particulars	P/E at the Floor Price (number of times)*	P/E at the Cap Price (number of times)*	
Based on basic EPS for the period ended January 23, 2024	15.78	16.64	
Based on basic EPS for the period January 24, 2024 to March 31, 2024	18.77	19.80	
Based on basic EPS for the period April 01, 2024 to September 30, 2024	16.44	17.34	
*Will be included in the Prospectus			
III. Return on Networth (“RoNW”)			
Fiscal Year ended	RoNW (%)	Weight	
March 31, 2022	10.45%	01	
March 31, 2023	48.95%	02	
Weighted Average		29.70%	
For the period of April 01, 2023 to January 23, 2024*		36.35%	
For the period of January 24, 2024 to March 31, 2024*		36.96%	
For the period April 01, 2024 to September 30, 2024*		29.67%	
*Not Annualised			
Notes: (1) Weighted average = Aggregate of year-wise weighted Return on Net Worth divided by the aggregate of weights i.e. (Return on Net Worth x Weight) for each year/Total of weights. (2) Return on Net Worth (%) = Restated profit for the year divided by Net worth at the end of the period/year. (3) ‘Net worth’: Equity Share capital and other equity less capital reserves			
IV. Net asset value per Equity Share (face value of ₹ 10/- each)			
Particulars	NAV per equity share (₹)*		
March 31, 2022	5.48		
March 31, 2023	10.91		
March 31, 2024	15.86		
For the period of April 01, 2023 to January 23, 2024*	19.19		
For the period of January 24, 2024 to March 31, 2024*	15.86		
For the 6 Months period ended September 30, 2024*	22.56		
After the Completion of the Issue:			
- At Floor Price	46.74		
- At Cap Price	48.40		
- At Issue Price	[•]		
*NAV (book value per share): Total shareholders' funds divided by number of shares outstanding as on September 30, 2024.			

Comparison of accounting ratios with listed industry peers						
We believe that there is no listed company which is specifically comparable to us w.r.t. to our business model, size and financials.						
KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS ("KPIs")						
1. KEY FINANCIAL AND OPERATIONAL PERFORMANCE INDICATORS ("KPIs")						
Key Performance Indicators (KPIs) are imperative to the Financial and Operational performance evaluation of the company. However, KPIs disclosed below shall not be considered in isolation or as substitute to the Restated Standalone Financial Information. In the opinion of our Management the KPIs disclosed below shall be supplementary tool to the investor for evaluation of the company						
The members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of the Red Herring Prospectus. Further, the KPIs herein have been certified by M/s. P P N and Company, Chartered Accountants, by their certificate dated October 09, 2024.						
The KPIs of our Company have been disclosed in the sections "Our Business" starting on pages 110 respectively. We have described and defined the KPIs, as applicable, in "Definitions and Abbreviations" beginning on page 6.						
Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilization of the proceeds of the 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, 2018.						
Set forth below are KPIs which have been used historically by our Company to understand and analyse the business performance, which in result, help us in analyzing the growth of various verticals of the Company that have a bearing for arriving at the Basis for the issue Price						
(Rs. In Lakhs)						
KEY FINANCIAL PERFORMANCE						
Particulars	April 01, 2024 to September 30, 2024	January 24, 2024 to March 31, 2024	April 1, 2023 to January 23, 2024	FY 2022-23	FY 2021-22	
Revenue from Operations	10,365.55	7,130.99	12,247.66	12,599.45	11,127.91	
Total Income	10,746.11	7,324.98	12,476.60	12,700.22	11,840.68	
EBITDA	1,866.09	1,385.66	2,176.10	1,749.30	495.41	
EBITDA Margin (%)	17.37%	18.92%	17.44%	13.77%	4.18%	
Net Profit for the Year / Period	1137.81	996.77	1,185.64	908.20	97.36	
PAT Margin (%)	10.98%	13.98%	9.68%	7.21%	0.87%	
Return on Net Worth	29.67%	36.96%	36.35%	48.95%	10.45%	
Return on Average Net Worth	34.84%	33.46%	46.34%	65.17%	16.13%	
Return on Capital Employed	12.31%	10.04%	20.25%	26.77%	8.90%	
Debt-Equity Ratio	2.77	3.99	2.10	2.25	3.73	
Source: The Figure has been certified by our statutory auditors M/s. P P N and Company, Chartered Accountants vide their certificate dated October 09, 2024.						
1. Revenue from operations represents the revenue from sale of service & product & other operating revenue of our Company as recognized in the Restated financial information.						
2. Total income includes revenue from operation and other income						
3. 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.						
4. EBITDA margin is calculated as EBITDA as a percentage of total income.						
5. Net Profit for the year/period represents the restated profits of our Company after deducting all expenses.						
6. PAT Margin (%) is calculated as Profit for the year/period as a percentage of Revenue from Operations.						
7. 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.						
8. 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).						
9. 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.						
Explanation for the Key Performance Indicators:						
KPIs	Explanations					
Revenue from Operations	Revenue from operations represents the total turnover of the business as well as provides information regarding the year over year growth of our Company.					
Total Income	Total Income is used by our management to obtain a comprehensive view of all income including revenue from operations and other income					
EBITDA	EBITDA is calculated as Restated profit / loss for the period plus tax expense and depreciation plus amortization plus finance costs and any exceptional items. EBITDA provides information regarding the operational efficiency of the business of our Company					
EBITDA Margin	EBITDA Margin the percentage of EBITDA divided by revenue from operations and is an indicator of the operational profitability of our business before interest, depreciation, amortisation, and taxes.					
Restated Profit for the Period /Year	Restated profit for the period / year represents the profit / loss that our Company makes for the financial year or during a given period. It provides information regarding the profitability of the business of our Company.					
Restated Profit for the Period /Year Margin	Restated profit for the period / year Margin is the ratio of Restated profit for the period / year to the total revenue of the Company. It provides information regarding the profitability of the business of our Company as well as to compare against the historical performance of our business.					
Return on Net Worth (in %)	Return on Net Worth provides how efficiently our Company generates profits from shareholders' funds					
Return on Average Equity	RoAE refers to Restated profit for the period / year divided by Average Equity for the period. Average Equity is calculated as average of the total equity at the beginning and ending ending of the period. RoAE is an indicator of our Company's efficiency as it measures our Company's profitability. RoAE is indicative of the profit generation by our Company against the equity contribution.					
Return on Capital Employed	RoCE is calculated as Earnings before interest and taxes (EBIT) divided by Capital Employed by the Company for the period. RoCE is an indicator of our Company's efficiency as it measures our Company's profitability. RoCE is indicative of the profit generation by our company against the capital employed.					
Debt-Equity Ratio (in times)	Debt-equity ratio which compares shareholder's equity to company debt to assess our company's amount of leverage and financial stability.					
2. WEIGHTED AVERAGE COST OF ACQUISITION						
A) The price per share of the Company based on the primary/ new issue of shares (equity/convertible securities)						
The Company have not issued Equity Shares or convertible securities ("Security(ies)"), excluding shares issued under ESOP/ESOS and issuance of bonus shares, during the 18 months preceding the date of this certificate, 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 rolling 30 days:						

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